THE CHINA WEEKLY REVIEW

密勒氏評論報

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February 28, 1948

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AN EDITORIAL

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Norman M. Ward

Bandits In Yunnan

Henry Winkle

Results Of Dutch "Police" Action

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US ECONOMIC BUST?

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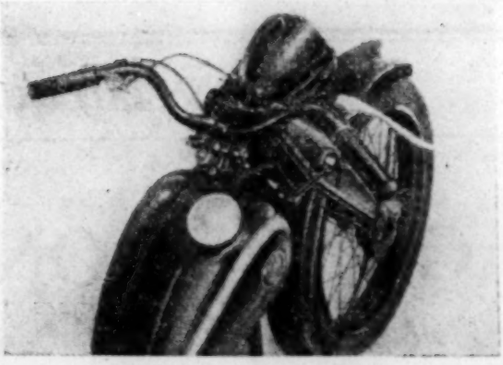

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

Wanted: Democracy

To The Editor:

Recent newspaper reports reveal that some big shots will run as candidates in the vice-presidential elections next April. But so far, no one has openly declared his intention of running for President.

The US is also now preparing for its presidential elections. Henry Wallace, Tom Dewey, Ike Eisenhower, Bob Taft and Joe Martin, etc., will all be possible candidates, and each of them is going his own way about winning supporters. Both America and China are so-called democratic countries, but the attitude toward the presidential elections in each place is entirely different.

Is there no one else qualified to be the president of China other than Mr. Chiang Kai-shek? Is democracy in China such that, being afraid of Chiang's force, no one dares challenge his position?

Mr. Herbert Vere Evatt, the Australian diplomat, once said: "Democracy means the right to have more than one candidate on the ballot. The citizen must be able to choose his government without intimidation by anybody. There can be no dictation and no dictatorship..."

It is a pity that many Chinese, who always have "democracy" on their lips, act like dictators. China is seriously in need of democracy.

T. C. CHANG.

Wuchang, Hupeh,
February 18, 1948.

Anonymous Heroism

To The Editor:

I am glad to find that I am still able to enjoy reading the *Review*, thanks to an anonymous American subscriber to whom I am grateful. Unlike our brethren, who so rarely help others without ensuring that it will be to their own advantage, Americans are almost always happy to assist strangers — even hiding in anonymity so that the one helped is unable to express his gratitude personally.

This willingness to help accounts for the fact that the United States is becoming more and more prosperous while China becomes weaker and weaker. It is said that one Chinese is wiser than one foreigner, but two Chinese are no match for two foreigners. In other words, the Chinese people lack a spirit of cooperation. They are selfish and unmindful of the public welfare. Only by cultivating a cooperative spirit can a nation become united and prosperous and its people happy. If the Chinese were open-minded and helpful to each other, China could be an influential power in the world.

I am deeply impressed by the good behavior of most Americans. I admire and respect them. In the light of the deterioration of our national situation I cannot but appeal to our fellow-countrymen to forget their egotism and put public welfare first, and, above all, remember that it is anonymous heroism that will build China into one of the main pillars of world peace and human liberty.

C. C. Y

Taiyikung, Sian,
February 20, 1948.

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Price per copy: CNC$30,000.

All mail rates are subject to change in accordance with postal changes.

Cable Address: "Reviewing" Shanghai **Telephone: 14772**

PUBLISHED AT 160 CHUNG CHENG ROAD (EASTERN), SHANGHAI (O), CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, U.S.A. REGISTERED AT THE CHINESE POST OFFICE AS A NEWSPAPER FOR TRANSMISSION WITH SPECIAL MARKS PRIVILEGES IN CHINA.

Contents of previous issues of The China Weekly Review may be found in the "International Index of Periodicals," copies of which are on file in most standard libraries.

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Program For Darkness

To The Editor:

Your editorial "Look At The Record....," in which you dealt with Consul-General John M. Cabot's speech before the Rotary Club, was a journalistic feat.

I am dead certain that either Consul-General Cabot is not aware of what the Truman Administration is trying to do, or else he was acting under the illusion that a good beginning is half the battle. Unfortunately, he overlooked the fact that truth is self-explanatory, and that the common people are invariably correct in the judgment of issues such as the one discussed. I do not intend to disparage Consul-General Cabot's kind intentions, but I would remind him that the road to hell is paved with kind intentions.

Your reprint of Harold R. Isaac's review of Freda Utley's "Last Chance in China," was very enlightening from a different angle, namely, that woman, after all, is woman, because she is nothing if not sentimental. Utley has very sound reasons to attack Stalin, but to say that Russian communism climaxed the Greek monarchy, the Turkish dictatorship or a corrupt Chinese officialdom, is simply over-sublimity. Whether Communism as a political ideology is capable of a lasting existence or not has yet to be proved, but it is unwise if not disastrous to anticipate such an end, as history has proved.

As Mr. Isaacs put it so well, If Greece, Turkey and China "are the only possible allies of democracy, then Miss Utley's, too, is a program for darkness."

CHINESE JOHN THE BAPTIST.

Chengtu, Szechuen
February 19, 1948.

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High Costs

To The Editor:

I enjoy reading your *Review* very much. I value it because your editorials always remind me to pay attention to current events occurring both in China and abroad, for you analyze them from a far-sighted point of view. Your "Letters From People" also impress me deeply. Every weekend when the new issue of the *Review* comes out, I have to read it first and refuse to leave it till I have read it through.

I am sorry that my subscription to your paper will expire this week. Being a humble teacher, I can hardly maintain my own living not to mention that of my family. In this district, because of its proximity to the war zone, some of the necessary commodities are higher than in Shanghai or Nanking.

I am then forced to bid you good-bye. I hope I shall see you soon again when the whole situation in China is improved.

C. C. H.

Hwaiyuang, Anhwei,
February 19, 1948.

(We are glad to be able to extend C. C. H's subscription for a further three months, through the kindness of an American subscriber.—Editor).

Poor Salaries

To The Editor:

As a native of Fatshan of Nanhai District, Kwangtung, I have passed most of my life here, yet I have never seen such an appalling picture as the local government school teachers' conditions present today. Up to the time of my writing, they each receive a picul of grain (third-rate cereal, of course) plus a sum of CNC$600,000, in spite of the fact that the price of rice has reached a new height of CN$1,800,000 per picul, with all other commodity prices soaring with corresponding rapidity.

To make matters worse, they usually teach without pay for a considerable time. Recently the faculty of Nanhai District middle school decided to send in their petition to the Magistrate for their back pay and stated their demand in handbills which were distributed in the town before their request was granted.

In the case of the Nanhai District normal school, some teachers on one occasion simply could not help weeping before their classes over their hard lot, with their boys and girls shedding tears in sympathy, for their salary had been held up by the District Government and the school master had declared that he could do nothing about it. These teachers found themselves helpless to feed even themselves, to say nothing of their families.

A friend of mine who is in the service of the District Government tells me that practically all the employees in the office of the local government almost regularly share a handsome amount of graft. I am inclined to think that all the local officials care for is how to line their own pockets. What becomes of the starving teachers or education does not interest them at all.

HSU CHIEN.

Fatshan, Kangtung,
February 17, 1948.

Rescue The Students

To The Editor:

The Civil War has spread to every nook and corner of China. All China is involved in the whirlwind of war; factories are destroyed, railways cut off, buildings burned, business stopped and culture ruined. Millions of students, who are supposed to be the masters of China in the future, have no schools in which to study and are struggling on the verge of starvation with no one to take care of them.

In view of the present situation of Honan, nearly all the towns have been occupied by the CP. As a result, all the schools in the occupied areas are closed down and thousands of students are forced to stay at home.

It is very dangerous for the Government to neglect the education of these youths, for the future of China will depend on whether these youths are well-educated or not.

Therefore on behalf of China, I hope the Government authorities will rescue these student and resume classes for them as soon as possible.

HSU SHIH-CHEN.

Kaifeng, Honan,
February 15, 1948.

Bubbling Cauldron

To The Editor:

Herewith is a letter written by the North China students to the President of Tung Chi University. In this letter the students express their attitude towards President Ting's actions during the Tung Chi Incident of January 29.

C. L.

Yenching University,
Peiping,
February 7, 1948

Dear President Ting:

In the educational history of China we have rarely found a university president who has suppressed Chinese youth so cruelly. Among the corrupt intellectuals in China none has so completely bared his character: you are a blight on the field of education who persecutes without mercy.

As an educator you have forgotten the primary aim of education. You regard the presidency of your university as a rung on the ladder of political success. You do not stand, as an educator should, for freedom of culture. You, who are so shameless, betrayed your conscience and worked as a cat's paw to help the tyrants abuse your innocent students.

Now we students of China despise you. We will never forget the name of Ting Wen-yuan. You have defied the Constitution of China and you will suffer the same fate as your masters, the extreme reactionaries. Don't you hear the angry roar like the bubbling of a cauldron? Don't you feel the fire which will destroy all the evil elements?

The contempt which we bear for you and your kind is growing every moment and someday the sufferings of China's youth will be vindicated.

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Oppression A Mistake

To The Editor:

From last May 27 to June 1, over 90 people were arrested in Kaifeng. This was officially announced by General Yang Wei, head of Honan Provincial Bureau of Police Affairs. Among them about 60 were students of the National Honan University, the rest being school teachers and newspaper editors. Since then it is quite common to hear of people disappearing from time to time. Only God knows how many people have lost their freedom, how much blood has been shed!

Since our Constitution came into force last December, Mr. Huang Shao-pin and Mr. Chang Chen-ya, both teachers of Honan Provincial Kaifeng Senior Middle School; Mr. Liu Shih-ming, editor of the *Min Chuan News;* Mr. Chen Cheng-cheng, editor of the *China Times;* Mr. Li Shuo, editor of *Min Pao;* Miss Chang, a student of Honan University and countless other "dangerous" elements have been put into prison. On January 31, it was learned that 34 persons had been taken into custody and were still being detained.

On February 7, Kaifeng was placed under martial law. Nobody was allowed to go out before 10:00 a.m. Thus, again more than 30 people were illegally arrested.

Today Kaifeng is under the shadow of terrorism. If two people hurry side by side down the street, it is very possible that the gestapo is on their heels; if one has many visitors, his house might be watched by the secret police. No one dares raise a voice to express a heartfelt opinion; but one's anger and hatred is beyond description.

My dear rulers! May I offer you a word? Persecution never does any good. Martyrs are the best advertisement for your primitive, barbarous tyranny. My favorite saying is: you can oppress some of the people at one time and all the people at different times, but you cannot oppress all of the people at one time. Vengeance grows exactly in proportion to the intensity of your persecution.

MARK.

Kaifeng, Honan,
February 12, 1948.

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Nobody Cares For Us

To The Editor:

Whether "American Imperialism" (the *Review*, Jan. 10, 1948) exists or not, I do not know, but the fact remains that some American troops still remain in China. Similarly, I cannot tell whether Russia is standing behind the Chinese Communists except that she, so far, has not yet fulfilled the Sino-Russian Friendship Treaty.

But I do not blame either America or Russia, for both of them "love'" China, President Truman fears that China may fall into the pit of Communism so he kindly stretches out his hand to Generalissimo Chiang Kai-shek, while Generalissimo Stalin is afraid that China may become the slave of the capitalistic nations and is behind the back of the Communists. The result is that the Chinese Civil War will go on without end.

However, I do not hate either of the two countries; I only want to cry from my broken heart that nobody cares for us, the poor Chinese lao pai hsing.

H. M. Y.

Lanchow, Kansu,
February 6, 1948.

Personnel Cut

To The Editor:

I am glad to learn that the government personnel's salaries will be readjusted according to the cost of living index, but sorry to learn at the same time that the personnel will be reduced by 25 percent within five months.

To cut down the personnel is only an administrative trick which has been done repeatedly for years. For example, the personnel reduction has been practiced several times by the Provincial Government in Kiangsi, but up to now, the actual number of the functionaries is no less than before. Now the reduction order has come again from the National Government and it is reported that it will be carried out in the near future. It will mean unemployment for over 1,000 public servants in this province if it is actually enforced.

I am personally strongly opposed to this reduction, for it may be merely another political trick with no reductions actually being made. Meanwhile it causes a lot of people to worry about their rice bowls. Since this news spread many have been discussing it instead of devoting themselves to their work. If this time the reduction order is really carried out, what will become of those who have to go? Some may starve to death; some may be forced to turn into robbers or thieves, then who should be held responsible for such results?

But if it must be done, I hope the Government authorities will take reasonable and effective steps. First of all, the unnecessary duplication of organizations should be eliminated. Then, idle functionaries should be discharged no matter what their backgrounds. Those posts being abolished should not be used by anyone in order to receive double pay, the so-called "eating vacancies." This kind of thing should be specially noted. Finally, the Government authorities should help to solve the livelihood of those being fired.

The public functionaries of today are already on the verge of starvation. Now they have to face the problem of unemployment. I am very reluctant to see such things occur. I hope it is the last time it will be necessary to make a reduction of staff in Kiangsi and that this is not merely the usual annual political decoration

Y. S. CHENG.

Nanchang, Kiangsi,
February 18, 1948.

Civilian Flogged

To The Editor:

The February 20 issue of Shanghai's *Ta Kung Pao* carried a strange report—strange in view of Shanghai's having long been regarded as one of the most civilized spots in China—that one Hsu Li-pen, a civilian, received "300 lashes on the buttocks" before a public gathering in front of the Ti Yi Theater because he had feigned to be a member of the fighting services. But according to the report, the punishment was meted out because Hsu had smashed the windows of the Ti Yi Theater "in cooperation with rascals." The gentleman who gave the order is Commander Lu Peng of the Shanghai-Woosung Garrison Headquarters.

It is an established rule in every civilized country that the military have no jurisdiction over civilians, and corporal punishment, whether carried out secretly or openly, has long been outlawed. Therefore, a thorough investigation into the part played by Commander Lu Peng of the Garrison Headquarters appears to be needed.

Another point is that the 300 lashes might well have caused the unfortunate Hsu to die. What do you think, my dear Editor?

DISGUSTED.

Shanghai,
February 22, 1948.

Working Students

To The Editor:

A couple of weeks ago, students were informed that their tuition fees for the coming term will be increased three or four times, and that it will be calculated on the cost of living index. Many students were embarrassed by this news for it meant they might be forced to leave school, as their fathers' salaries are never increased so rapidly as the tuition fee.

To solve the problem of high tuition fee for the needy students, students of all the high schools, colleges and universities in Nanking have organized to collect money by means of showing movies, selling refreshments and other goods, washing clothes, polishing shoes, drawing portraits of people and holding dancing parties. All these programs are being carried out widely and successfully. Many college girls are polishing shoes for the passers-by in the streets and washing clothes for households, while the boys are selling refreshments by the roadside and drawing portraits for the people in the street. All these services seem to be paying rather well. On the evening of January 15, a dancing party to raise funds was held in the hall of the National Central University at which about 150 couples were present.

The Chinese students are the poorest and the most pitiful in the world. With the spread of the Civil War and the ever soaring commodities prices, they can no longer sit in the class room peacefully and quietly. Their material hardships as well as their spiritual sufferings become heavier and more intolerable.

Now they have to work to pay their tuition fees. But at a time when the country itself is in a critical position, not very much money can be made. The fund they collected during those few days is so little that it can only support a few students. Yet they are not discouraged. They hope that their services and actions can awaken those who are ignorant or indifferent towards the present critical situation in China.

WU CHUNG-LIEN.

Nanking,
February 18, 1948.

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Democracy Or Fascism

To The Editor:

Some years ago when the Japanese stripped English women in Tientsin, Benito Mussolini under a nom de plume wrote that "there was a time when, if someone pulled a Britisher's hair, a gunboat would be sent for punishment. Now the Japanese have stripped British women of their clothing. The British government is deadly silent. Either the English have no more hair, or they have no more gunboats." It was in the days of Neville Chamberlain with his Munich-minded Cabinet.

Jack James in his interpretation of the Shameen Incident (the *Review*, Feb. 7) appears to have read the mind of the Kuomintang's ruling clique which thinks that "the great leader south of the Alps" (*Mein Kampf* by Hitler) still has great influence in the Middle Kingdom.

There is a story that when Hitler asked Chamberlain for the latter's umbrella, he was refused. It was "British," Chamberlain was alleged to have said to Hitler. "And I cannot give up a penny of British property without compensation or a fight."

So the colonial minded Britishers and their rich Chinese collaborators are sure that Hongkong, as British territory, should not be given up easily. But the less optimistic colonials say that times have changed. India and Burma were British, but Attlee has divorced them from the Empire. Dr. Selwyn Clark, Hongkong's former Medical Director, who has been promoted to the position of governor, and his leftist wife advocated that the Colony could serve as a cradle of Chinese democracy.

Thanks to the spirit of the Magna Charta, the Bill of Rights and Habeas Corpus writs, Chinese political exiles have found Hongkong a relatively safe spot. However, intimidations and blackmail in one form or another are always present.

"Chinese" or "Eurasian" vested interests, which are the actual rulers of Hongkong, have already begun to curry favor with the Kuomintang as its defender in courts and its director in conducting the Hitlerite offensives, which are fundamentally repugnant to Anglo-American liberalism.

These vested interests did the same thing during the Japanese days but their crime has been pardoned. This amnesty indicates the weakness of the British.

Many Englishmen and their Chinese friends, who were either interned or tortured by the enemy, are bitter about this matter.

Non-Communist political refugees expect kidnapping and terrorism with the enforcement of the Anti-Smuggling Pact. The days of Palmerston and Joseph Chamberlain have gone. They were the days when gunboats were sent to defend the rich East India Company which, in turn, had become one of the Empire builders.

Karl Marx, who wrote his *Capital* in the British Museum, has told us that the government should be operated by and for the proletariat. In England, the Labor Government is beginning to follow the Marxist program, but in a different form from the Russian formula.

It is up to the Hongkongites and, most important of all, to the rich advisers of the leading banks and firms, as well as the landlords in the Colony, to choose between democracy or a terroristic fascism. The latter is sure to come as soon as the Gestapo gets hold of the power.

GEORGE SOONG.

Hongkong,
February 12, 1948.

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Dr. Stuart's Hint

To The Editor:

Every true Chinese patriot should read Dr. J. L. Stuart's latest message to the Chinese people, and realize how deeply this elder statesman and educator is concerned over the welfare of China. His spiritual advice, we hope, will lead the morally and politically decayed China to a regeneration. The shaping of the nation's destiny is in the hands of the intellectuals and popular leaders to whom Dr. Stuart referred. Will they take the hint?

While our nation is going through its most crucial period, a long-time friend and sympathetic helper such as Dr. Stuart is a guiding star for our ailing China. No individual Chinese is bold enough or brave enough to speak frankly of present day China's moral and political corruption and decay.

The moral standard of China today is at its lowest level in history. High officials will sell their souls provided the price is high enough. Since VJ Day, numerous traitors and high officials have been making illegal fortunes, but few have been punished. To those big shots, face means practically nothing, the welfare of the people is totally ignored and the existence of God or gods is beyond their conception. In their daily lives money comes first, taking priority over friends and relatives.

Eight years of devastating war and two years of so-called peace have brought no improvements in Chinese social and political life. The aristocrats, bureaucrats, hoarders, speculators, profiteers and politicians are enjoying themselves, totally ignoring the sufferings of their fellow countrymen.

Public officials, the gentry and men of high cultural levels should be taking the lead in setting a good example to the masses so that everyone will contribute his or her share towards uplifting China socially, morally, economically and politically. Only then will China be a better country.

LEE YEE-YUEN.

Shanghai,
February 21, 1948.

Heavenly Hangchow

To The Editor:

In China there is a proverb: "Heaven above and Hangchow below." It means that Hangchow is a paradise on earth. In my opinion, however, Hangchow is by no means a paradise, nor are its residents angels.

In Hangchow, except for a few streets around the lake front which are in good condition, the majority are narrow and rugged. On rainy days it is almost impossible to walk in the streets and a pedestrian must continually jump to avoid being splashed with muddy water whenever a vehicle passes. More often than not, the underground drainage system fails to work, with the result that some parts of the streets are flooded and passersby must make bridges from stones in order to walk from one side of the street to another.

At such times, the ricksha pullers are sometimes knee-deep in water. It is very dangerous for them to try to avoid walking in the water. On Lunar New Year's Day, I saw a rickshaw in which sat a lady in fashionable clothes. In an attempt to pull his ricksha onto the sidewalk where the water was comparatively shallow, the puller overturned his ricksha, thus tossing his customer into the water.

There is a very poor public utility service in Hangchow, also. Owing to the shortage of public toilets, people are forced to make water anywhere they can. This kind of indecency is no surprise to old residents here, however. Even worse than this are the night soil collectors who continually parade through the streets. As one can imagine, the smell is strong and unpleasant. No matter how one tries, it is impossible to avoid walking either behind or in front of one of these collectors. In other towns, these night soil collectors appear only in the dead of night, but in this city they appear anytime they please. In the small river running through the town there are always many night soil collection boats, which sometimes lie there for days before they are filled up.

Recently, a large number of refugees have arrived in this city. Some are living in tents which are roughly put up in the streets. Some simply sleep in the doorways of buildings. One morning I was surprised to see a mound of snow moving. Upon investigation I found it to be a refugee covered with the snow that had fallen as he slept in the open air.

These refugees beg in the streets but can find very few sympathizers. One day, I heard a rich man shouting to a begging refugee: "Who asked you to leave your home? If you have nothing to eat, go back to your home!"

How can Hangchow be described as a paradise?

LI TSUNG-RING

Hangchow,
February 17, 1948.

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密勒氏評論報
A Weekly Newspaper Established in 1917

The editorial pages present each week the opinions of the editor. The other pages of The China Weekly Review are written by the other members of the staff and the contributing editors who report and interpret the news irrespective of the views expressed in the editorials.

Vol. 108 Shanghai, Saturday, February 28, 1948 No. 13

Confusion Abounding

UP until last week Secretary of State Marshall has been periodically reiterating that his policy towards China has not changed. During the same period critics of US policies in Asia have been charging that Marshall was a hypocrite, that his policy was not what he said it was. Some of these critics even went so far as to claim that Marshall was secretly okaying US military shipments (from surplus property stored in the Pacific) to China, while publicly intimating that his original ban on such shipments still was in effect. When Marshall was mediating between the Nationalists and Communists we once editorially raised the question of whether Marshall was a mediator or a military advisor to the Nationalists. At that time we were roundly condemned by friends and advisors of Marshall as being under communist influence and as being irresponsible in our comments.

Last week, according to press reports from Washington, Secretary Marshall told a Congressional committee that when he was in China, i.e. when he was mediating, he repeatedly attempted to improve the training of the Nationalist soldiers by making recommendations to virtually every important official in Nanking. Also according to press reports from Washington, State Department officials last week revealed that an agreement between China and America, secretly signed last November, permits the shipment of US surplus military supplies to China. Shipments, it was said, began two weeks ago.

These two items have evoked little comment because American sentiment, especially that of Congress, toward Nanking has changed radically during the past few months. However, in our opinion, the fact that Secretary Marshall apparently has been toying with the truth should not be overlooked.

* * *

THE American Government—presumably including Congress — has decided to support China's Nationalist Government in its efforts to halt the spread of communism in China. This is in line with America's policy of attempting to contain Communism throughout the world. While we admittedly see some sense in this idea, we cannot fully embrace the present program. While we do not wish to see a communist-dominated world, which, among other things, would mean the end of the personal freedoms—and that of the press—which we cherish, we cannot see that we are promoting anything worthwhile by our present activities. In Turkey we are backing a dictatorship because it is anti-communist and anti-Russian. In Greece, in the name of supporting democracy's fight against communism, we are propping up a prize collection of scoundrels, a gang that more properly belongs in prison than in power.

While we still believe that it is possible for democracies to live peacefully with communist states, Secretary Marshall and Congress apparently do not, unless they are able to so stack the world that most of it will be ranged against the communist states. Marshall apparently believes that there will be no hope for peace until communism has been driven from Western Europe and Russia and her present satellites ringed with economically strong and militant "democracies."

The answers to some of the questions raised by Marshall's ideas may well have to wait until written by history. There is no denying the surging expansion of Russia following the elimination of Germany and Japan, her greatest rivals in Europe and Asia. How much this expansion is due to chauvinism and imperialism and how much is the result of an equally gigantic expansion of a slightly different nature on the part of the United States, we do not think can be determined now. However, it seems to us that the present conflict has taken on many of the aspects of conflicts between giants in the past. This one is confused by the addition of ideologies which tend to obscure the fact that it also is a contest between two main powers and their respective satellites and thus has many of the characteristics of the age-old rivalries between nationalist states.

While we still believe that this "conflict" can be resolved short of war—which we think is also General Marshall's conviction—we are not at all certain that his method will avoid war. In the event that it fails to prevent an armed conflict, its many weaknesses will readily become apparent. Although it will have secured for the United States many allies on paper, some will be worth little. Some of them—like the Greek Government—are so rotten and corrupt that they will only be a burden. Some of them—like the Government of Turkey—are harsh dictatorships which may or may not be of help, but which, more than likely, will collapse in popular upheavals if the going gets tough and the long oppressed people feel the yoke of authority not so strong.

A further weakness in the General's plan is that there are many powerful, special interest groups in the United States which will want their "cut" out of any foreign spending by Congress. Already some of them have come out in the open with their demands. Even though the Marshall plan for European Recovery deals largely with

resurrecting, rehabilitating, and improving the continent's industry, there is a good chance that some of the more short sighted of America's special interest groups may be successful in preventing the restoration of competitors. It is a wonderful opportunity for the US's economic royalists who have now also become economic imperialists.

* * *

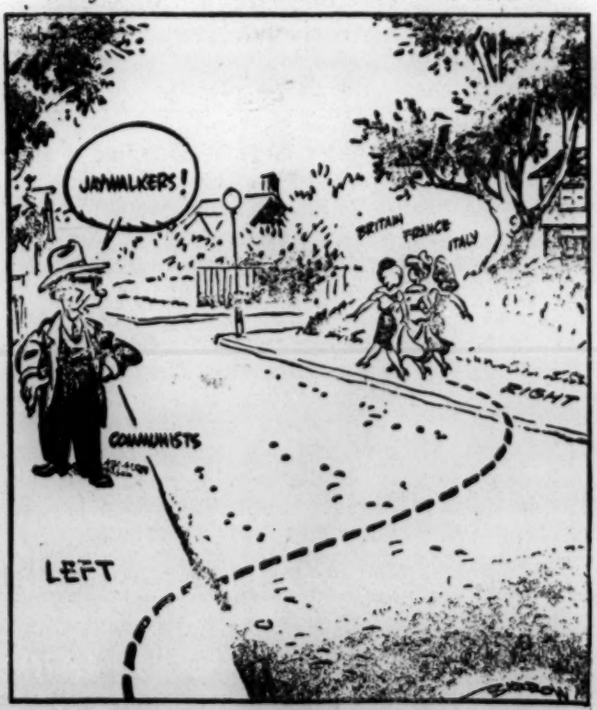
THE Marshall Plan, or at least a "stop-gap" aid plan, is to be applied to China. Almost all of the questions raised by the European program are pertinent here. First, of course, is the question, "will it work?" Also, while a number of the criticisms of the Greek and Turkish governments apply to the Chinese Government, the situation naturally is somewhat different and so the same exact standards of judging a government cannot be used here. We certainly cannot presume to answer all the questions which Marshall's new China policy evokes. However, we can pose a few initial queries.

Will the cost of saving Nanking—which it seems agreed cannot save itself—be worth it? Will money be enough, or will advisors, or even troops, be required first to halt the Chinese Communists and then to liquidate them? Will the saving of the Nanking Government automatically make it a strong and useful ally in the event of war with Russia? Will the economic restoration and development plans, which presumably will be forthcoming, make China the long-dreamed of "eldorado of the Far East" for American business? We will leave the answers, as well as the formulating of additional questions, to our readers, the vast majority of whom, being Chinese, should have many views and questions of their own.

* * *

SECRETARY Marshall has now revealed that his China policy has been in the process of changing for some time; that, in fact, it has been something quite different from what he—intentionally or unintentionally—has been leading the American people and Congress to believe it was. In any event, it is now out in the open and we know where we stand, unless of course Marshall later decides to cut off aid, but insists upon telling us that aid is being continued. The Secretary, a man of great parts, we believe, has disappointed us in this instance by engaging in a form of activity which might, if he were a lesser man, be termed duplicity. We imagine he has had his reasons and we think he should state them publicly.

'Why Did the Chickens Cross the Road?'



—Barrow, in The Rochester Democrat and Chronicle

Censorship In Hangchow

LAST week we wrote an editorial commenting upon Government Information Director Hollington Tong's denial of a report of impending censorship of the posts and telegraphs. In this editorial we said we were impressed by the way Dr. Tong quickly sought and obtained a statement of policy from the pertinent Government authorities. We also discussed the general state of the press in China, saying that while the press was relatively free in Shanghai, the same was not true in many other cities and towns.

It now appears that we were not only correct, but a little behind the times. Since publication of the aforementioned editorial it has been brought to our attention that copies of a recent issue of the *Century Critic*, a well-known and conservative Chinese language magazine published in Shanghai, were banned *and* confiscated by the Hangchow authorities. So far as we know, the Hangchow authorities have given no reasonable explanation of their apparently unwarranted action.

In a subsequent issue the *Critic* calmly and with extremely good taste challenged the power of the Hangchow authorities to behave in such fashion. A few lines from the *Critic's* editorial we feel are worthy of serious thought:

> **"At the back of this incident there lies a serious problem of principle. We feel that the success or failure of a magazine is but a small matter, while the dignity of law is a big thing. Even if we are ready to suffer all the losses, still we cannot but fight for the principle of freedom of publication. In a country which is ruled by law, though the people have the obligation to observe the law, yet the Government must, above all, uphold the dignity of the law. It is only when the law-makers abide absolutely by the law that the people will find a way to follow. If the upholders of law violate law and discipline first, they surely cannot win the confidence of the people. This is very simple reasoning."**

In conclusion the *Critic* asked the following pertinent question: "Did the Constitution (promulgated on Christmas Day) run counter to the whim of the Hangchow City Government authorities, or did the Hangchow City Government authorities violate or play with the law?"

It seems that here is another case for Dr. Tong to tackle. We gather that since it seems an established fact that the issue in question was banned and confiscated, there must be some explanation forthcoming. Any responsible administration—and we presume that the Hangchow municipal authorities so consider themselves—should account for such a drastic measure. We are well aware that the Hangchow authorities may believe their city a dangerous place since they so badly mishandled the student trouble there several months ago, but nevertheless they should explain to the public just what they think they are doing.

While not wishing to pass judgment without hearing an official explanation, we will say that people who allow students to die in jail (we are here giving them the benefit of the doubt) and who suppress magazines are, to our way of thinking, not fit to govern.

US Economic Bust?

THE sharp decline in US commodity market prices early this month—which now appears to have eased up—with a few uncertain up's and down's continuing, brought mixed reactions from several quarters, stretching all the way from Wall Street to the Kremlin. US housewives, who benefitted from reductions of a few cents on many food and other items were jubilant and were hoping that at long last the end of the inflation was in sight. US economists and other business observers in New York's financial district along Wall Street were more cautious. Some thought the inflation was over, but virtually all were loathe to make predictions as to the length or extent of the price decline, while Moscow publicists were, like US housewives, jubilant—but for a different reason. They were busy proclaiming to their own and neighboring peoples that the long-awaited collapse of America's "imperialistic, capitalist economy" was at hand.

While we in Shanghai would be foolish to attempt to pontificate about this important development, it appears rather as a healthy sign than as a cause for alarm. A prolonged, steady decline of general price levels would certainly not be welcome, but a levelling off of the inflationary spiral and substantial drops, over a certain period, can cause no alarm to anyone aside from the profiteers.

So far US business observers are uncertain as to the reasons behind the drop, which showed up most spectacularly in the Chicago grain pits where wheat and corn and other grains slumped for several days. Actually, grain prices began levelling off as long as a month or more ago, when US harvest prospects improved and the idea began to gain currency that perhaps the world food shortage was not so serious as depicted. At this date there has been no reasonable accounting for this "idea" as spokesmen of various governments and relief agencies have continued to predict a world food shortage for at least two more years. In any event, wholesale grain and other prices remained level or declined slightly, for two or three weeks prior to the sudden drop. Then the plunge started, with wheat, for example, dropping 10 cents per bushel per day (the maximum price fluctuation allowed by US regulations) for several days.

THE NECESSARY BALANCE

The ever-sensitive US market quickly mirrored the grain drop with price reductions following on an impressive list of commodities including hides, linseed oil, sugar, flour, lard, hogs, cattle, lambs, cotton, wool, etc. While some sources predicted that these wholesale drops would not change the retail commodity picture immediately and that by the time these cuts reached the store counters the wholesale price structure might have firmed up again, news dispatches from America reported slightly lowered retail prices in many lines early this week.

Other factors seemingly at variance were warnings from Government leaders that Americans must tighten their belts if supplies to implement the Marshall Plan are to be secured in the US, and statements of some leading economists who predicted a 25 percent price decline during the next nine months despite the requirements of the Marshall Plan. In any event, the present price cuts are a welcome sign. If nothing else, it is a delayed acknowledgment of the fact that the US economy in one respect has moved toward normal following the war dislocation and the postwar scramble for scarce merchandise. The boom could have been partially avoided by continued Government control—an obvious fact which the conservative, short-sighted Republican Congress chose to ignore two years ago. The eventual, "normal," self-regulation of supply and demand appears at last to have begun to work. For months retailers, although continuing to re-

port heavy sales, have noted increased buyer resistance. Also, in some fields, such as hides, the situation whereby the United States—traditionally a heavy net importer—had conversely become a heavy net exporter has changed. US hide prices have reached record levels mainly because not only were normal imports lacking, but exports had been excessive. In the closing months of 1947 this trend began to change and it was predicted that by the end of this year, the US again would be importing vastly more hides than she exported. Similar situations (such as in coal) have existed in other fields and similar returns to the normal, prewar picture are considered possible this year.

* * *

ALTHOUGH we think that this whole problem of boom and/or bust could have been largely avoided by more judicious handling of controls by the President and by the Congress immediately following the war, we are none-the-less relieved to see the first glimmerings of a satisfactory readjustment of the American economy. This, we hope, is just the beginning of a general trend toward a more realistic alignment of prices in the US.

Looking for That Telltale Trend

—Carmack, in The Christian Science Monitor

Close Competitors

THE Dutch and Indonesians have signed their fourth truce agreement. They are now formidable contestants for the title held by Chiang Kai-shek and the Chinese Communists.

The St. Louis Post-Dispatch.

The Marxist Line

FOLLOWERS of the Marxist Line or, for that matter, followers of any hard-and-fast "line" are continually running into difficulties. One of the main reasons for this, in our opinion, is that rigid forms or lines of conduct laid down by one man or one group of men almost invariably fail to allow for individual vagaries or for changes in the times. Although a nation may successfully be governed by Marxism, as is Russia, or by some other arbitrary theory, the only form, in our opinion, that will safely survive national ups and downs for any prolonged period is the democratic system.

Recently the Russians—who admittedly have apparently met success for the past quarter of a century in following "the Marxist Line"—have been having some difficulties in determining just what, in the light of the present, *is* the Marxist line in some fields of endeavor. Politically, it seems easier for individual Russians to follow the line, although there have been cases of heretical thought during the past 25 years. Economically, it would seem to be much easier since Marx's theory is so largely an economic one. However, it now seems that upon occasion some Soviet economists have to be straightened out. Some other professions, such as history and music, appear to be more difficult for their followers.

Latest press dispatches indicate one of the Kremlin's leading economists has been having a bit of trouble. Late in January it was reported by the *New York Times* that Professor Eugene Varga had been dismissed from his post because of "heretical" views. Last week, though, it was reported that he was back in favor, apparently having recanted or having successfully defended himself before the powers that be. He is reported to have been restored to the editorship of the publication, *World Economy and World Politics*. Since resuming his job, Professor Varga is reported by the *Times* to be "expounding strongly anti-capitalist ideas interpreted as representing Kremlin views."

Latest and most ludicrous example of how the "line" reaches down to all fields of endeavor is the current storm raging in Russia over the recent works of a half dozen or so leading Russian composers. About two weeks ago it was reported from Moscow that the Central Committee of the Communist Party had taken to task seven Russian composers. The censure, which appeared in a party resolution appearing on the front page of *Pravda* accused them of writing music which "follows the formalist trend—a trend against the people." The resolution criticized "survivals of bourgeois ideology nurtured by influence of the modern decadent music of Western Europe and America." The formalist trend, it was said, was "exerting a baleful influence upon the training and upbringing of young composers."

While we are not experts in musical matters, it is our opinion that the state would do well

to leave artists of all kinds alone. If the achievements of the state are really glorious enough the nation's artists can be counted upon to preserve them in music, painting, prose, etc. This has virtually always been the case in periods of great achievement. An attempt to "dictate" a line, Marxist or any other, to a bunch of tempermental artists can result only in trouble for the authorities. First, artists are hard to handle at best, depending as they do upon inspiration, proper moods, etc. Further, it seems to us that it would be extremely difficult for politicians to determine what the proper political and economic line for art should be. Also, since these same politicians sometimes disagree upon practical matters of affairs, it is rather likely that they might have some differences over art.

Proof that inserting the Marxist Line into music has its complications was revealed in Washington where an enterprising *United Press* reporter discovered that the February 11 issue of the Soviet Embassy's information bulletin, contained an article extolling the virtues of one of the seven composers who on the same day was cited by *Pravda* as having veered from the Marxist Line in music. While *Pravda* said the music of Khatchaturian (and the other six) had "formalistic distortions, anti-democratic tendencies alien to the Soviet people and their artistic tastes, denial of the main principles of classical music, propaganda, dissonance and disharmony," the information bulletin praised Khatchaturian's "originality, his melodic gifts and the virtuosity of his technique of inventiveness in harmony and in orchestration." It further said his music was "distinguished by its clarity of thought, richness of color and fine range of melody."

Obviously the whole thing is nonsensical. Its ridiculousness was merely emphasized by the fact that the information bulletin's article—undoubtedly written days or weeks before—happened to appear on the same day as the composer in question was publicly censored in Moscow. Such matters would not be worth commenting upon were it not for the fact that they show a dangerous tendency inherent in all authoritarian regimes. Not satisfied with making Marxism the holy religion of the land as regards politics, economics, and international affairs, the Soviet rulers apparently intend for it to permeate all aspects of life. To our way of thinking this obvious lack of freedom for artists is one of the weakest points of the Soviet system. Not only is it a denial of a basically needed freedom, but over a period of time it certainly will have derogatory effects upon the country's cultural life. Free expression and experimentation are necessary for any real achievements in many lines. The arts and sciences certainly cannot develop without them. The Soviet authorities' insistence upon inserting what they consider the Party Line in music, for example, indicates that the inhabitants of the Kremlin are making such a fetish of the "system" that they are not being entirely rational.

25 Years Ago In The *Weekly Review Of The Far East*

Nothing! Nothing! Nothing!

February 24, 1923.

THE Chinese Republic was established 12 years ago. During this period what has been its history? What has it accomplished? Nothing! Nothing! Nothing! There have been revolutions, restorations and factional strifes. The rapid and kaleidoscopic changes of government have resulted in precipitating the Chinese nation deeper and deeper into the mire of misery. Loans were recklessly contracted for carrying on fratricidal wars. While the burden of the Chinese people is increasing daily, the resources of the country are diminishing. Due to unsettled conditions, the development of industry, commerce and education is suspended. The nation is impoverished in order to enrich the officialdom. The whole nation suffers humiliation and dishonor, because a few officials hanker after power and wealth. (H. Lin Cheng).

* * *

Sincere Hopes

BY far the most striking development within the news during the week under review is the departure of Sun Yat-sen, Father of the Southern Republic, for his native city, Canton, with sincere hopes of bringing about a peaceful settlement of the factional disorders in that vicinity. Press reports from North China contain no news of special importance, and the Central Government, supposed to be passing through one of the most stringent financial crises approaching the New Year, seems to have passed the climax somehow. Telegrams from Szechuen tell of a state of warfare which has indications of seriousness developing along the Yangtze River, as far up as Chungking. Japan and Siberia are engrossed in the Manchurian question, along with their own internal questions relative to government.

10 Years Ago In *The China Weekly Review*

Manchukuo Recognized

February 26, 1938.

IN a momentous speech to the Reichstag delivered shortly after noon on February 20, Herr Adolf Hitler announced the German recognition of Manchukuo. Germany, he stated, will never return to the League of Nations. "As much as we assure the world of our love of peace, just so strongly do we declare to the world that such love does not include any renunciation. If international agitators and poisoners wish to break the internal cohesion of the German people, a tempest of steel and iron shall fall upon them." Turning to the Orient, he declared, "I believe that the defeat of Japan in the Far East would bring no advantage to any European people except to the USSR. I believe that the greatest Japanese victory will be much less a danger to world culture than a Bolshevist victory.....We do not doubt that the greatest Japanese victory would be a menace to the culture of the white people, but a Bolshevist victory would mean the end of the culture of the white race."

* * *

Cotton Loan For Japan

THE Japanese are trying to induce the American Government to grant Japan credit amounting to about US$90,000,000 so that Japan can purchase her cotton requirements in the American market. Based on her purchases of raw cotton in 1936, which amounted to US$88,210,429, it is understood that the Japanese have agreed to purchase an equal amount this year—providing President Roosevelt will agree to grant Japan credit for a period of several months. Japanese finances are in such a serious condition, due to the war, that the Japanese cotton industrialists do not have the money to pay cash as they did before their Army launched its adventure in China.

Kwangsi's Forgotten Frontier

(Norman Ward is an ex-UNRRA employee, who for a time was an agricultural rehabilitation officer in Kwangsi Province.—EDITOR.)

Norman M. Ward

SEVEN million acres lie forgotten and idle in Kwangsi, one of the most beautiful and fertile southwestern provinces of China, yet "China will never be able to feed herself" is a statement frequently made in articles published about China.

Hundreds of missionaries and "Old China Hands" have brought back to America "true facts" as to how the average Chinese farmer is forced to plow and cultivate small tracts of land because of China's large population and the shortage of available land areas. No doubt any statement made about China is true *somewhere* in China. An old China hand, an American who had been in China for 40 years, told me "China is a land of contrast—everything said about China is true from the viewpoint of the person making the statement." Certainly, one of the most persistent stories carried to the rest of the world is the oft-repeated tale that in China all the available tillable land has been farmed for thousands of years.

Missionary Surprised

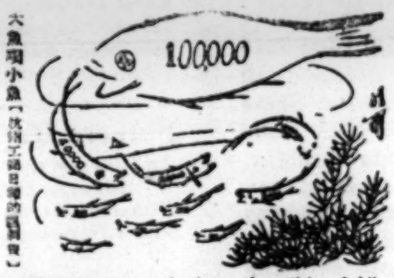
This idea has been fostered in the minds of so many people for so long, that the other day, when I had an occasion to take a missionary who had been in China for 15 years to a nearby tractor project, and call his attention to the thousands of acres adjacent to the project available for cultivation, he said, "I can't believe it even though I see it and know it is true, for I have lived within 30 miles of this place for 15 years, and this is the first time I have seen this land placed in cultivation—I thought it couldn't be farmed. I had forgotten about this area of land."

"Forgotten" is a true description of these 7,000,000 acres of fertile land in Kwangsi.

A series of discussions were held in one of the few villages in this area on how this open land could be brought under cultivation, and why it had not been farmed before. The usual answer from the Chinese farmers is the lack of draft power, and the shortage of people to work on the land. This one village, which is over 200 years old, consisted of 300 farm families, or approximately 1,500 people by their own estimates. The 300 farmers were tilling a total area of 1,500 acres, averaging five acres to the family. Yet unlimited reaches of land adjoining the very fields they were cultivating were just as good, and in many cases, better than the land they were farming.

Only 10 farmers in the village possessed more than one water buffalo or yellow cow, the common draft animal of this area; 20 farmers possessed no animal—they had to rent animals or work three days for a farmer who owned one, in order to borrow it for one day.

One water buffalo can plow only one mou (approximately one-sixth of an acre) in one day. In other words, one man with one Chinese plow and one water buffalo for a draft animal takes six days to plow one acre, or nine days to plow and harrow one acre in preparation for seeding. In the spring, at the height of the plowing season, it is not at all unusual to see men and women pulling plows or using large spading hoes to prepare the ground for planting. All planting and cultivating is done by hand with only a few exceptions.



This cartoon depicts the "big fish"—CN$100,000 notes—eating the little fish. (From Kung Hsiang Tih Pao)

The people in this village produced only enough to feed themselves and pay their taxes, with practically nothing left over to sell to outside villages or haul to market in the nearby city.

Great Difference

In China 85 percent of the people live on the farm, or derive their income directly from farming operation, while in America 23 percent of the people live on farms, or derive their income directly from farming operations. In terms of population, this means that in China approximately 380,000,000 people feed the remaining 70,000,000, while in America 32,000,000 people produce food for 180,000,000. The average American farmer feeds his family and 15 other people — the Chinese farmer can feed only his family and one other person.

The Chinese farmers seem anxious to learn more about tractor operations and glad to have new land plowed for them. One farmer said, "For the first time we will be able to produce more food than we can eat—the iron ox is a wonderful thing, for it can plow more grassland in a day than we can plow in a month." To him this meant progress and release from drudgery. He had lived next to this fertile grassland all his life, and had not been able to utilize it because of the heavy grass sod through which the buffalo can pull the plow only with the greatest difficulty.

In this area of Kwangsi in South China, a survey has shown that only half of the land is being farmed that could be brought under cultivation, provided all the necessary draft power could be sent into the area. Seven million acres of fertile land lie untilled because of the lack of animal or machinery draft power.

In the United States big headlines were written when 1,000,000 acres of new land was opened to settlement in the State of Washington; yet here in China, 7,000,000 acres lie idle within one province, and several other provinces have millions of acres that could be brought under cultivation.

Two Shortages

UNRRA, in its short life, brought 20 tractors with full equipment into this province. In seven months of operation during the rainy season these 20 tractors opened up 6,000 acres of new land—land that has always been in heavy sod, land that is fertile and capable of producing excellent food and fiber crops, the two great shortages in China.

This land will be planted to wheat, upland (or dry land) rice, cassiava, sweet potatoes, corn and peanuts. Prior to the opening of this area, only very small acreages of corn, peanuts and sweet potatoes had been grown—just enough to meet the immediate demands of the family with a few extra mou of peanuts to sell for the production of oil. Now enough can be grown to help meet the needs of the coastal cities.

With heavy plowing done by machine, additional acreages of land can be brought under the control of one farmer—his work efficiency being increased 36 fold with power machinery.

Many people are convinced that power machinery will never come to China. In the writer's opinion power machinery must come to China, or other countries will shoulder forever the burden of feeding the Chinese people. The cost of operation will be justified in the increased production of food by one man, as it was justified in the increased production of food in the United States, and in the new areas of land that can be brought under cultivation which would otherwise lie idle.

Certainly, immediate aid in the form of food should be brought to the coastal cities, but permanent relief will never be secured until a sound system of agricultural education is implemented, which includes the Chinese farmer and the relocation of people from the crowded areas of China to this forgotten frontier of verdant grassland.

THE FRENCH ARE FIGHTING MAQUIS

Andrew Roth

Saigon.

"I'VE lost my two favorite sons," said the roundfaced old Vietnamese, a rueful smile inadequately concealing his sorrow. "One of them died fighting for France against the Nazis and the other was killed by the French while fighting for his country's freedom here."

These two deaths seemed a grim contradiction until another old, Paris-educated Vietnamese commented: "It is the misfortune of our intellectuals to have gathered democratic and radical ideas during their education in France. If you try putting them into effect here, you land in prison or in the jungle fighting guerilla warfare against the French." Then the death of the young Vietnamese who fought for the liberation of his own country seemed a logical sequel to that of his brother who died fighting the enslavement of France by the Nazis. It was simply paying the supreme penalty for applying the same militant, democratic traditions of France to two different situations.

Indochinese Enthusiastic

The intellectuals of Indochina have always exhibited an enthusiasm for the democratic and revolutionary traditions of France, which far surpasses anything felt by the intellectuals of the British or Dutch colonies. This was clear to anyone who met the Indochinese delegation in the summer of 1946 when they were in Paris to negotiate with the French. Although several had undergone long prison terms and torture for their nationalist activities and all had resisted France's return on the old basis, they exhibited a tremendous enthusiasm for French thought and culture.

I commented on this to President Ho Chi Minh, who had himself graduated as a Socialist and then a Communist during protracted stays in Paris between 1913 and 1923 and did postgraduate work as the first Indochinese student at Moscow's "Oriental Peoples' University" in 1923-24. He smiled and said: "It's natural that the democratic and revolutionary traditions of France of 1789 and 1871 should appeal to us. The only trouble is that they are not for export to the colonies."

Now, 18 months later, one can see that the leaders of the embattled Republic of Viet Nam have imported, lock stock and barrel, another great French tradition; the substance and spirit of France's wartime Resistance Movement. The Vietnamese guerillas, fighting from the very rim of besieged Saigon to the Chinese border, call themselves "Maquis," their movement "La Resistance" (The Resistance) and their French-language newspaper in the South "*La Voix du Maquis*" (Voice of the Maquis). And it is not a vocabulary which seems artificially transposed because it describes the same type of national resurgence to free a country from an unwanted conqueror.

There is the same sort of near unanimity against French domination as there was in France against Nazi control. Virtually every experienced neutral observer estimates the amount of support of the Ho Chi Minh government at upwards of 80 percent. And while the struggle is on, the nationalists think as little about Ho Chi Minh's leftwing political coloration as Frenchmen concerned themselves with General De Gaulle's rightwing political coloration during the war.

Like France's Resistance, the Vietnamese Resistance is a broad coalition. It contains nationalists, Catholics, Democrats, Socialists, Communists and non-party people. No party predominates either in Ho Chi Minh's cabinet in the North or in the Executive Committee for Nambo (Southern Indochina). When a regional committee for the South was first set up in August, 1945, three of the seven members were Communists; now there is only one. The President of the Executive Committee, Pham Van Bach, is a French-educated Doctor of Law, who belongs to no party and has been with the Resistance since the beginning. The Vice-President, Pham Ngoc Thuan, is a Roman Catholic and a French citizen (of Vietnamese birth) who has spent about a decade in France. Former journalist Ung Van Khiem is the Commissioner of Interior and the only Communist on the Committee.

The Commissioner of Economy, engineer Kha Van Can, was the most successful Vietnamese industrialist in the South before departing Saigon for the Maquis. The Commissioner of Propaganda, Socialist Pham Thieu, was a college teacher in Saigon. The South's Resistance army is under the command of one-eyed General Nguyen Binh, a lifelong member of the traditional nationalist party, the Viet Nam Quoc Dan Dang (sometimes called the Indochinese Kuomintang), who received his military training at China's Whampoa Academy a score of years ago. The Secretary-General, Tran Buu Kiem, is a member of the Democratic Party, now the largest party in Viet Nam.

Called Communist

Just as Petain and the German radio attacked France's wartime Resistance as "Communist," until very recently all French propaganda services were pretending that the Vietnamese Maquis were all Communists, hoping to alienate world and particularly American support in that manner. Recently they have admitted that 70 percent of the people actively resisting them are simple nationalists, while 30 percent are members of the Viet Minh (a contraction for the League for the Independence of Indochina), which the French classify as "Communist." More impartial observers agree that it is Communist-dominated, but also contains Socialists, Trotskyists and others. An extremely intelligent and moderate nationalist, closely in touch with the Resistance estimates that it is about 15 percent Communist, while an experienced neutral diplomat opines: "There aren't more than two or three thousand real Communists in all of Indochina."

It is true that these Communists are the "hard core" of the Resistance here—as they were in the French Resistance—because they are the best organized group with considerable experience in underground activity. In Indochina, although proportionately fewer in number than in France, they have the advantage of being the pioneers in the modern nationalist movement, with Ho Chi Minh having played in his own country the role Sun Yat-sen played in China.

But it is clear that Ho Chi Minh's experience in China has convinced him of the necessity of keeping the Communists in the background to avoid any possibility of premature friction within the nationalist camp. He is responsible for dissolving the Communist Party (it is now replaced by a "Marxist Study Circle") and keeping a heavy majority of the seats in all cabinets and institutions in the hands of other parties and non-political people. He has worked so hard at expressing only those views on which there is general agreement in the Resistance that he is frequently attacked as "too moderate" by many of the young, impatient nationalists. His caution and careful consideration

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of all elements of the nationalist movement—in contrast with Communists in other countries—will make it very difficult for the French to succeed in their forthcoming maneuver of trying to split the 70 percent simple nationalists away from him by setting up a new puppet regime headed by Bao Dai, ex-Emperor of Annam.

* * *

ONE of the top French officials in Indochina and a leading proponent of the plan to restore Bao Dai as a constitutional monarch in a pro-French regime, recently expressed to this correspondent his firm conviction that at least half of the people now actively opposing the French would come over to support the Bao Dai regime, and suggested that this process of desertion had already begun. When pressed to name a single important figure who had fought in the Resistance and deserted, he became a little vague and then suggested, with a knowing look, that several of the passengers going to Hongkong the next day to see Bao Dai before his departure for Europe were fresh from the Resistance.

The Air France passenger list showed no such thing. It included General Nguyen Van Xuan, president of the French-established Cochinchina regime, and several others who have long been intermediaries between the French and Bao Dai, several businessmen, a high-priced courtesan and only one man who could even remotely be considered a real nationalist, and even he had never been with the Resistance.

The desertions of principled people seem to be virtually entirely in the other direction. It is usually done without fanfare, to prevent reprisals. A group of eight Vietnamese, including engineers, physicians and a doctor of philosophy, recently returned from advanced studies in France. Within a matter of weeks six were with the Maquis. A considerable portion of the graduates at the French-run military academy at Dalat went into the Maquis immediately after graduation.

Perhaps the most dramatic recent disappearance was that of Commandant Albert. The Commandant, a French citizen of Vietnamese origin (his name in Vietnamese is Nguyen Huu Tinh) is prominent as the first officer of colonial origin to rally to the Free French movement in the very earliest days and served throughout the war. Early in the fall he was appointed as chief of Cantho province by General Xuan, who was anxious to prove that prominent Vietnamese patriots were with him. Around November 1, he disappeared from his post, and the French radio reported that he had been kidnapped by the Maquis. There was a sudden silence on the French part when the Resistance radio announced proudly that Commandant Albert had come over and taken command of the 9th military zone.

* * *

DURING the war one heard only bits and pieces of the superb heroism of the French Resistance because actions were isolated and communications difficult, even with nearby England, and dispatches were largely restricted to matters of military importance. One hears even less of the equally superb heroism of the Vietnamese resistance because there is not even a nearby base for supply. And the world and its newspapers seems to be absorbed in other things.

Some stories seem hard to dramatize. It is difficult to say more about a 13-year-old youngster than that he was caught with an underground newspaper, jailed and then tortured by sending electric shocks through his body through contacts at both elbows, but never gave away a word.

One of the best stories—about the Central Prison in Saigon—is illustrative but not sensational. There are almost 3,000 prisoners there, mostly political. The prisoners are not permitted paper or ink, but I have before me a beautifully illustrated publication, "The Voice of the Prison" whose letters are so carefully drawn that it looks as though it were printed. In addition to smuggling in paper and ink for this publication and circulating it secretly, the prisoners manage to conduct literacy classes as well.

At the end of November, 19 Vietnamese, (including two women), condemned to death for fighting the French, went on a hunger-strike demanding to be treated as prisoners-of-war. The whole prison joined them in their hunger-strike, including 200 or so women prisoners and 50-odd youngsters under 15, who were told that they did not have to join in, but insisted. After the hunger-strike had lasted some 12 days, the authorities agreed to look into the matter.

* * *

ON a Saturday night, November 22, a car raced up Saigon's bar-lined main street, Rue Catinat. As it sped past one soldier-frequented bar a grenade was hurled out, to explode among the marble-topped tables. Then a second and then a third bar received the same treatment and the car sped away uncaught, leaving behind almost a score of wounded. It made the French in Saigon as jumpy as Nazis once were in Maquis-infiltrated French cities.

About the same time a group of armed Vietnamese entered a government-sponsored opium den (they are slightly disguised here by the title "Disintoxication Clinic," which is as accurate as calling a bar a "Temperance Clinic.") They approached a Vietnamese reclining with an opium pipe on one of the hard wooden pallets and shot him dead. He had been tried for treasonable dealings with the French—in his absence, since he declined to appear—by a military court of the Maquis, and found guilty. The execution squad within Saigon had been assigned to carry out the sentence. It made the Surete hirelings in Saigon as jumpy as Gestapo hirelings were after similar summary justice by the French Maquis.

But sometimes the justice is not only summary but grisly. The dead body is sometimes found badly disfigured, apparently because it is an old Annamite superstition that disfiguring the dead is double vengeance.

In discussing these attacks, Dr. Tran Van Giau, a former professor who was one of the founders of the Resistance movement in the South, told this correspondent: "It is war to the death. We're determined that the French cannot live on as masters in Viet Nam. If we find a Frenchman, we're sure to try to kill him. If these French are in cafes or hotels or cinemas, we throw a grenade without making a distinction between civil and military. We naturally don't try to kill women or children but if they are caught in such a group, *tant pis*.

"The French say we assassinated Nguyen Van Sam and other collaborationists. This is not an assassination but a regular execution after the decision of a military tribunal.

"The French say *we* are terrorists, but many of our leaders have been tortured to death after arrest by the French. If we take a village and are forced to withdraw, they burn the village and kill the people. If we attack a convoy, the French indiscriminately shoot 10 or 20 of the people in the vicinity in reprisal. We, at least, take prisoners. But the French consider our soldiers as criminals and usually shoot them on the spot."

* * *

THERE is one important difference between the Vietnamese Maquis and those of France. The French would not rest until the last Nazi was driven out of France and France regained its independence. The Vietnamese are still willing to accept independence within the French Union. But the French had better talk fast.

BANDITS IN YUNNAN

Henry Winkle

SUFFERING under the burdens of inflation, heavy taxation, constant conscription and official corruption, the patient and honest people of this region are finding themselves in the position of having to fight for their lives. The flame of Civil War is causing the flower of rural economy to wither, and the people are becoming poorer every day. At the same time, the aggressiveness of the bandits—bandits tinged with political color—is becoming more and more marked. It would be well to review some of their recent activities so that an idea may be had of just how strong the forces of lawlessness are in China's southwest.

There are an estimated 10,000 bandits scattered over this province. In the perimeter districts of East Yunnan, Chiaotung and Chaochia, where the land is sterile and the people are poor, groups of robbers armed with new and excellent weapons are engaging in sporadic activities. Southern Yunnan is the scene of bandit disturbances which cause the provincial military and political authorities many headaches. Here, about 600 bandits, under the leadership of one Lung Yu-ho, have the district of Lungwu as their base and fan out from there to plunder nearby regions.

Supported By Majority

Because Lung claims that "booty coming from the rich is relief for the poor," and avoids disturbing the peasants, he has managed to win the support of the majority of the people in his area. It is estimated that whenever they feel the time is ripe, this group of bandits can muster some 4,000 men to their support, and the skillful manner in which they carry out their program of plunder indicates that intelligent men are among their leaders.

In the district of Milai, a soldier named Chao escaped from the army, murdered a conscription officer and hid himself in the mountains. Together with a man called Peng, Chao organized hundreds of bandits and trained them under severe discipline. It is rumored that he waves over them the flag of the "Democratic Army," and that his following is increasing because of the number of young students involved.

Nearly 1,000 people in the border region of Chienshui, Koyung and Kochiu have abandoned their fields and professions to follow one Sui Shih-hou. Occupying Yi Sa as a base, they are plundering the rich merchants and decent gentry in villages nearby. It is said that they have adopted slogans like "The rich owe us; the middle-class are no relation to us; and the poor are invited to enjoy the New Year with us."

Open Opposition

In such districts at Szemoo and Puerh, where the weather is warm and plagues prevail, about 2,000 highwaymen, equipped with new arms, openly opposed the local government by declaring, "No conscription, and no payment of levies!" They managed to win the sympathy of prominent local men and the support of the people, and it is rumored that they once held a public investigation of the local magistrate.

On January 10 of this year, news came of a rebellion in the monuntainous district of Suilee in protest against the opium-suppression measures being taken there. Communications were cut, and Government troops were finally sent in to quell the riot. According to the press, the issue was settled through military force and arbitration, but whether it was settled for good remains a question.

Bandits are also threatening the city of Yao-an, in the western part of the province. In the middle of January, a group of them, officially stated to be 600 in number, but rumored to be closer to 2,000, merged in the vicinity of Yao-an and Tayao. Under the attractive title of "Allied Democratic Army" and having as their slogan "Rob the rich and relieve the poor", they looted merchants along the way. It is said they entered Yao-an and disarmed the militia there. Government troops had to be sent to drive them out.

General Discontent

Why is the number of bandits increasing with such alarming rapidity in Yunnan, and why is it that their activities are becoming so openly aggressive? As was stated earlier in this article, a primary reason is the general discontent and poverty engendered by the Civil War. Certain groups are, of course, using this discontent to further their own political ends, as a restless and unhappy people are always ripe for new leadership.

Another reason, and one that has existed for some time, is the fact that Yunnan is an opium producing area, and mismanagement and corruption by the local authorities of the opium-suppression campaign serves more to infuriate than to benefit the people. Then there is the bankruptcy of the tin business, which caused the unemployment of thousands of workers. Add to these factors the naturally fierce temper and energy of the inhabitants of this region, as well as the fact that they are able to trade their illegally-grown opium for guns and ammunition, and it is not difficult to see why Yunnan is becoming explosive. Unless some basic causes are eliminated and a number of existing evils reformed, there is little hope of halting the alarming increase of the bandits.

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The Consequences Of Dutch "Police Action"

Pao Tsu-yu

"SO long as we are left alone, have no fear for your safety; but if we are attacked, we cannot guarantee your lives." These were approximately the words that Indonesian leaders uttered to the Chinese in Indonesia who pleaded for protection.

However, subsequent "police action" by the Dutch left nobody safe—neither the Indonesians, nor the Dutch, and, least of all, the Chinese. The retreating Indonesians adopted a scorched earth policy, burning whatever they could, for the bad elements among any retreating army have no regard for other's lives and property. Thousands of Chinese in former Indonesian territory were forced to seek shelter and safety elsewhere. Instead of being in their own comfortable homes surrounded by their loved ones, they now find themselves in makeshift camps among strangers whose lot is no better than their own.

Everything Lost

Many have lost everything—including their loved ones—and what hardship they have had to endure can be understood by those who have witnessed the ravages of war. Some managed to find shelter in the homes of sympathetic friends and relatives in safe localities, but what the immediate or distant future holds for them, they know not. Fighting is still in progress, so running or dying must seem the only possibilities.

The "victorious" Dutch followed up their "police actions" with mopping up operations. The Linggadjati agreement had given them ample time to recruit and equip an otherwise non-existent Dutch army, and at last they were ready for action. Sounds of explosions and gunfire were heard day and night. Sudden lighting up of flames indicated the burning of villages by the Dutch, who were attempting to smoke out guerillas or punish villagers for the crime of a sniper who had just killed a Dutchman some distance away.

The "liberty-loving" Dutch have stepped into the shoes of the Nazis and the Japanese, so the methods of their one-time conquerors are not strange to them. The remaining population within mopped-up localities must huddle together in homes that have yet escaped destruction, and shiver at the thought that at any moment they may have to yield something to some ferocious human, whose token of "power" is a gun or a uniform, or both.

In their endeavor to regain their former colonies, the Dutch clearly remember the motto: divide et impera —divide and govern. For among their "policemen" in Java, there are numerous Ambonese hailing from the nearby island of Ambon. These Ambonese serve the Dutch as the Moroccans do the French. They have a much stronger hatred for the Chinese than the Javanese, and consider themselves superior to the latter.

Serious Incidents

Throughout the period of Dutch mastery over Java, there have been many incidents between the Ambonese and the Chinese, and in practically all cases, the Ambonese escaped unhurt and unpunished. Now that the Ambonese possess the authority to "police" Java, Ambonese-Chinese incidents naturally grow more serious. For obvious reasons, the Ambonese-Chinese or Dutch-Chinese incidents within Dutch occupied localities have not appeared in news dispatches from Indonesia, although the incidents involved losses of Chinese lives. Evidently, the Chinese in Indonesia must now bow their heads and risk their lives to three warriors the Dutch, the Ambonese, and the Indonesians.

While the Dutch and the Ambonese do not consider themselves affiliated with the Chinese, except where their economic and private interests are concerned, the Indonesians, on the other hand, consider the presence of the Chinese within their territory to be of some political advantage. As all important Dutch internees have been evacuated from Indonesian territory—thanks to the British and the Linggadjati agreement—no scruples can be expected from the Dutch in ousting the Indonesians from places they wish to attack. However, with thousands of Chinese in their midst, some objections might be raised by certain quarters if the Dutch should go too far in their self-styled "police action."

Escape Or Die

Largely as a result of "police action" by the Dutch, the Chinese in Indonesia must now face poverty and uncertainty, or, alternatively, fight for whichever cause they consider most favorable to their sentiments and livelihood. In Indonesian territory, they wait for chances to escape or to die; in Dutch territory, they plan for a practically hopeless future. There are those who wish to avenge their loss of kinfolk and properties through Indonesian "atrocities," and others who consider it necessary to arm themselves for future eventualities. The Pao An Tui, or self-protection corps, comprises the latter groups of Chinese in Indonesia. For purposes of self-protection, the corps deserves the praise and support of every Chinese compatriot, but those elements who join the Pao An Tui merely to avenge themselves against the Indonesians should be eliminated. There would be no end of evil if everybody in this evil world of ours always wished to gratify his own evil passion.

Prefer Holland

Hundreds of the well-to-do Chinese who have received Dutch education evacuated to Holland, which they consider a better home than China by virtue of their education, upbringing, and connections. Others fled to China, a few of whom have managed to make some sort of living. Many of these, however, feel that the unsettled conditions in China and the indifferent attitude of their brethren at home cannot soften their lot in any measure whatsoever.

Present events in Indonesia are doubtless the turning point of Indonesian history. How this will affect the millions of Chinese still left in that vast territory will depend upon their own initiative, and very slightly upon China's immediate future. Wise leadership in their communities should eventually guide them onto the right track and place them above the bad elements in Indonesia. They must do away with wishful thinking and realize the danger of biased and hasty judgments.

With their superior military equipment, the Dutch may gain some measure of prestige and material advantage through their "police action," but they will never regain their former overlordship. The Chinese, therefore, would do well to examine their inner selves carefully and try to alleviate their present suffering through a better understanding of present events. Circumstances must alter one's outlook of life and even one's own nature and capabilities. This is evidenced by the fact that, although many Chinese abroad have become prosperous through their industrious habits, only a very small percentage of their brethren in China can boast of prosperity, despite the latter's more industrious habits in comparison with the second and third generation Chinese in foreign countries.

If Indonesia should remain in chaos for the same length of time as China, the lot of the Chinese there will be deplorable indeed. Unfortunately, China is not, and will not for some time, be in a position to do much for her children in Indonesia beyond reminding the quarreling parties to be careful not to hurt them!

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Religious Persecution In Honan

VAN SHIH-CHING

(Special Correspondent. The China Weekly Review)

Chengchow, Honan.

NO matter how loud and eloquent the Communist publicity concerning "freedom of religion" in areas held by them, the fact remains that this freedom does not actually exist.

At present, there are three Italian Catholic fathers imprisoned by the Communists in Lo-ho. Their names are Piacere Remigio, Coilotto Ciovamm and Gemma Giov; the latter is a doctor. At Hsu-chang there are two fathers imprisoned; one, Chiarel, an Italian and the other, Kerekes, a Hungarian. The Catholic hospitals at Lo-ho, Hsu-chang, Yu-hsien, Chang-ko and Lin-ju have all been plundered by the Red army, and not even a single door or window remains. These hospitals are well known in Honan and each includes an eye department.

"We hope for peace," one of the Catholic fathers here said to me the other day, "for we are here in China to serve the people. The fact that some of us are imprisoned does not worry us, but these destroyed hospitals give us much pain."

The Western Christians in Hsu-chang suffered the same treatment as did the Catholics. Communists tramped into the church, hospital and school at Great West Street when they occupied the city. The Christian personnel, numbering about 20, who had fled to another church for protection, were soon rounded up and herded to the top floor of an office building where they were detained by soldiers. If this is "freedom of religion" I, for one, cannot see it.

Taking advantage of a Nationalist reoccupation of the city a few days later, 18 of this group left Hsu-chang and came here. Mr. Beason, head of Hsu-chang Church, and Dr. Cober, head of Hsu-chang Hospital, remained to carry on their work. However, the city fell into Communist hands again two weeks later, and this time they were in a fury to discover that the other 18 Christians had been allowed to escape. It is such tricks as yours which would give us cause to slaughter Christians!" one of them roared at Mr. Beason, springing to his feet in a threatening manner. Mr. Beason said nothing, but returned to his room and waited inside until the rioting troops had departed.

That night, the two western Christians hid in an ox cart full of coal and, driven by Chinese friends, escaped from the fallen city. Five miles outside the gates, two men on horseback pulled up beside them. "Have you seen two foreigners passing by?" they asked the driver of the cart. The reply came promptly, "Yes, they were headed west," and the two riders turned to the west. "If we had not been hiding under the mats, covered with coal," Mr. Cober told me when he arrived here, "we should have fallen into their hands. Never before in my 40 years in China have I been in such danger."

Last month both the Catholics and the western Christians here received notices from their respective consuls advising them to withdraw. Fifteen Italian nuns have been sent to Hongkong, and the Christian Hwa Mei Hospital has been removed to Kunming. Evacuated churchmen from other parts of Honan, including four Christian families living here, have left the province. Only five Italian Catholics and five American Christians remain. They are determined to work until the last possible minute.

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Currency Reform Plans: An Analysis

SYDNEY Y. C. CHEN

(The author is sub-manager of the Industrial & Mining Bank of China, Tsingtao, and concurrently Professor of Economics at the National Shantung University. The following article is adapted from a recent speech made by Mr. Chen at a meeting of the Rotary Club, Tsingtao—Editor).

AS all of us living in China face the pressure of the high cost of living, we find ourselves constantly concerned with its component economic problems—high commodity prices and currency inflation.

There are many causes for high commodity prices, the most fundamental of which is currency inflation. One does not have to be a student of economics to realize the validity of the formula:

$$\text{Price:} \quad \frac{\text{Money x Its Velocity}}{\text{Volume Of Trade}}$$

The more money in circulation, the greater the velocity and the less the trade, the higher prices will be. We also know that the fundamental cause of inflation is the enormous financial deficit of the state, attributable largely to the present Civil War. The longer the war continues, the greater the financial deficit and inflation.

Comparison Of Deposits

Let us compare the quantity of money which went through banks before the beginning of hostilities with the amount going through now. In 1936, total bank deposits amounted to CNC$4,500,000,000, while national currency in circulation at that time totalled only CNC$1,200,000,000. That means bank deposits came to nearly four times the value of notes issued. On the other hand, last year's total bank deposits amounted to only CNC$4,000,000,000,000, as compared to the CNC$40,000,000,000,000 worth of national currency issued in the same year. This means that deposits amounted to only one-tenth of the paper money in circulation. We can see from this that nine-tenths of the money issued is not going through banking institutions.

But the government, instead of controlling note issue, has been strictly controlling banks. Obviously, as long as inflation cannot be stopped or decreased, to control banks is to put the cart before the horse and can do little to curtail increasing commodity prices.

The cause of the disease lies in financial deficits. In 1947, the total expenditure of the Chinese Government was CNC$40,000,000,000,000, while total revenue was only CNC$17,000,000,000,000. This meant a deficit of CNC$23,000,000,000,000. The Central Government has been trying very hard to secure another American loan in order to balance the state budget. According to US Secretary of State Marshall's first proposal, a loan of US$300,000,000 would be granted to China, to be given over a period of 15 months. This would average CNC$2,000,000,000,000 a month, which just equals last year's monthly deficit of the Chinese Government.

In 1947, the state budget was increased to four times its original amount in the course of 12 months. Who knows what it will be this year? It is estimated that for the first six months of 1948, total Government expenditures will come to CNC$96,000,000,000,000, while total revenues are estimated at CNC$58,000,000,000,000. There will therefore be a monthly deficit of CNC$6,000,000,000,000, which is equal to three times the amount of monthly proceeds from the proposed American loan. So American aid, if used to help balance the state budget, will be of little avail.

US Hesitating

This, understandably, is one of the reasons why the US Government has been hesitating to grant another loan to China.

Because of the obvious uselessness of trying to balance the budget with an American loan, the Chinese Government has evolved another plan which would use American money to establish a "currency reform." According to what has been reported in the newspapers, the Chinese Government plans to borrow silver from America with which to coin silver dollars, in the hope that a return to a metal basis will restore the people's confidence in the currency. Offhand this would seem appealing to America, for she has surplus silver to be disposed of. Nevertheless, there are many valid arguments, from her own economic standpoint, against China's proposed return to silver. Let us review briefly the various currency systems to see if we can find one desirable for China.

Systems Reviewed

1. **Silver Standard**—Silver is a commodity whose price on the world market fluctuates frequently, thus affecting the economic stability of silver-using nations. Ever since 1833 the price of silver has declined steadily, causing great losses to nations on the silver standard. Therefore, after World War I all silver standard countries except China discarded it. In 1932, those members of the United States Congress who represented silver interests, pushed the American government to buy up enormous quantities of silver in order to double its price. As a result, much silver was smuggled out of China, and in 1935, the Chinese Government was forced to introduce a new standard called Fapi.

It is estimated that between the United States and the Mexican governments, 213,800,000 ounces of silver could be sent to China. Using our old standard for coining silver dollars, some 300,000,000 of them could be coined from this amount of free silver. Taking one silver dollar in exchange for CNC$50,000's worth of paper money, about CNC$16,000,000,000 worth of paper money would be returned to the Chinese Treasury —which would still be far less than the CNC$40,000,000,000,000 now in circulation. So it would seem that if we were to return to a silver standard, we would still have not solved the problem and would be risking a repetition of all the difficulties which silver standard countries have faced in the past.

2. **Gold Standard**—Theoretically, the gold standard is an ideal one, but China is not producing gold owing to present conditions. Moreover, 95 percent of the world's gold is kept in the United State's treasury, and she uses it as a weapon in fighting the money war with all other gold standard countries. Certainly, she will not let the Chinese Government have much of it, which is one reason why China feels the road of least resistance would be to borrow silver instead.

Limping Standard

3. **Limping Standard**—It has been reported in the newspapers that our new monetary system will be a limping standard, as it is proposed to use silver within the country and gold in the international market. Accord-

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ing to the limping standard theory, gold is unlimited legal tender and of free coinage; while silver is also unlimited legal tender, but not of free coinage. This means that the leg representing gold stands strong and straight, while the other leg, representing silver, is weak and limping. Now, in the case of a limping standard for China, just the reverse is true, for with silver and not gold being of free coinage, it is the gold leg which is limping and the silver leg which is strong.

Employment of the former system puts a country on the road to a full gold standard; employment of the latter system, as proposed for China, is merely a gradual retrogression to the use of silver. However, a strong gold leg for China is impossible for the same reasons a full gold standard is impossible—we simply do not have access to enough gold to use it as unlimited legal tender.

Gold Exchange

4. **Gold Exchange Standard**—This deviates from the gold standard in that it uses silver or paper money in the national market and gold for international payments. With a fixed ratio between gold and silver, the success of this system depends on the gold reserve fund for the settling of international balances being kept in some other country. National currency can be converted into foreign exchange when desired, but is not redeemable within the country. It is easy to see, however, that the country with an unfavorable balance of trade will use up its gold reserve very rapidly, and in the case of China this gold exchange standard would not work unless America is willing to lend us enormous amounts of gold.

5. **Managed Currency Standard**—This is the existing standard in China which has been in use since 1933. It proved to be a good one during the period of war with Japan, but its success depends on the ability of the Government to control foreign trade and foreign exchange in order to balance international payments within the limit of a gold reserve kept in some foreign country. In the past few years, the Chinese Government has obviously failed to do this, for the blackmarket rate on foreign currency has been going from bad to worse, and foreign goods, both necessity and luxury, are being sold on every street corner. We cannot keep the present system working, and we must face the fact of its failure at the present juncture.

Fundamental Solution

From contemplating the various monetary systems described above, we can see that no one system is workable under existing political, economic and financial conditions. We shall be deceiving ourselves if we do not seek the most fundamental solution for stabilizing our economy, which is to end our Civil War. The stabilization of commodity prices cannot be achieved by replacing our present monetary system with another one, for the success or failure of a proposed currency reform depends mainly upon whether or not the state budget can be balanced. And our budget can never be balanced as long as we indulge in a drawn-out, destructive, expensive civil war.

The Week's Business

BUSINESS during the week under review—February 19 to February 25—was extremely erratic with white rice increasing to CNC$2,550,000 per picul in spite of rice ceiling prices having been announced by the Shanghai municipal authorities. Selling above ceiling prices was not illegal, dealers explained, adding that wholesale prices in producing centers are continuing to increase and in some cases are higher than the Shanghai ceiling quotations.

Impressed by rumors to the effect that the cost-of-living index for February would go up about 50 percent, with wages and salaries to be increased in concert, textile markets between February 21 and 23 were particularly erratic. Prices of silk, rayon and cotton yarn jumped to new highs. Profit-taking caused silk and rayon prices to decline on February 24, while at the same time cotton piece goods realized new drastic advances. To a certain extent this latter movement was caused by the Government's order prohibiting the shipping of cotton cloth to South China.

Reports from Tsingtao, too, impressed local markets. Condensed into a few words, such reports stated that business in Tsingtao was dead and that funds were being smuggled out of the city. Reports from other northern centers, including Tientsin, were not cheerful, either, and the influx of idle capital from Tientsin and other northern cities to Shanghai continued, despite the well-known restrictions. Although during the week under review the Central Bank announced exact and very strict regulations as to the transfer of money in any form from the North to Shanghai and South China, it appears that owners of free funds are still in a position to remit money.

Generally speaking, the money market, therefore, was again easy. The private, "black" interest rate went down to 20 percent per month (at the Stock Exchange the average was 27 percent) and reports from the Shanghai money market indicated that the demand for foreign exchange—i.e. "black" exchange—increased rapidly. Quotations on the black markets were reported to have advanced in concert with such demand.

Unconfirmed reports claiming that Dr. Soong would again be appointed Premier and will travel to Washington with a view to continuing China's negotiations for American aid, failed to impress the market, except perhaps the Stock Exchange. Stock quotations gained and the demand for shares increased on both the official Stock Exchange and the curb exchange.

The reduction of import quotas, announced this month by the Export-Import Board, apparently has caused further price gains of imported goods, particularly chemicals, including dyestuffs and pharmaceuticals, raw cotton and metal products. Such price advances consequently influenced the domestic market with China produce quotations increasing drastically. As official foreign exchange rates again limped behind the general price development, exporters, during the period under review, were unable to send quotations abroad. On the other hand, Government-run corporations were said to have offered various Chinese products on American and European markets at competitive prices.

Meanwhile, the number of dishonored checks is showing a new increase. The number and face value of dishonored checks declined shortly before "Chinese New Year," but it was said that by no means did the decline indicate an actual improvement. This was believed to have been caused by the fact that during the holidays business had been very limited. Recent developments have proved this belief to be correct. According to the Shanghai Clearing House, during the week from February 16 to 21, a total of CNC$158,000,000,000 in checks were returned, against CNC$53,500,000,000 during the previous week.

On Wednesday, February 25, prices continued to advance with cotton yarn gaining around 20 percent during the morning session. Japanese rayon gained a little less than CNC$24,000,000 per case, and even raw silk, in spite of all the well-known export difficulties, gained sharply.

Quotations

Stocks	Feb. 18	Feb. 25
	CNC$	CNC$
Wing On Textiles	850	1,040
Mayar Silk	1,280	1,610
Commercial Press	360	460
Wing On Co.	260	380
Ewo Cotton	720,000	1,270,000
Bond C	89,000	88,000

Commodities	Feb. 18	Feb. 25
	CNC$	CNC$
White Rice, first	2,100,000	2,550,000
Wheat Flour	870,000	1,300,000
Peanut Oil	4,400,000	6,050,000
Raw Silk "C"	102,000,000	153,000,000
Jap. Rayon	100,000,000	153,000,000
Cotton Yarn (42)	78,200,000	105,000,000
Cotton Yarn (20)	48,000,000	67,000,000
Caustic Soda	59,000,000	85,500,000
Koo Pun Soap	2,880,000	3,900,000

NEWS OF THE WEEK

Reds Converging on Mukden; Peace Rumors Denied

THE military situation in Manchuria has taken a critical turn as a result of the fall into Communist hands of Anshan, China's steel capital, situated 65 miles south of Mukden. In the opinion of competent military observers, Anshan is potentially important for the Nationalists' industrial recovery and the loss represents another blow to the Government's battered economy in Manchuria. Militarily, the Communist conquest of Anshan tightens their blockade around Mukden and gives them a greater stronghold on the Mukden-Dairen Railway. It strengthens their grip on the southwestern segment of Manchuria which adjoins Soviet-occupied northern Korea. It also renders still more remote the possibility that they will develop an alternative railway supply line to Mukden via the seacoast port of Yingkow.

Foreign newspapers took a serious view of the situation in Manchuria. The *New York Times* considered the fall of Anshan as an "urgent warning that the collapse of China will not wait on further debate and that immediate aid must be forthcoming or our position in the Far East will collapse too."

Senator Robert Taft expressed fear that "unless vigorous action is taken immediately all Manchuria will be lost to the Communists." He urged the Truman Administration to give more military aid to China and warned: "If Communism dominates Manchuria, how can we hope that in the future years we will be able to keep it out of Japan?"

Following their capture of Anshan, the Communists took Faku, important Government bastion, 45 miles north of Mukden. Faku was the key highway city guarding the western flanks of the trunk line railway towns of Tiehling and Kaiyuan, located 40 and 55 miles respectively northeast of Mukden. The fall of Faku tightens the Communist blockade of Mukden and opens the way for a Communist assault from the north.

Heavy fighting is now in progress in the suburbs of Penhsi, coal-mining center 35 miles southeast of Mukden. It is generally believed that the Reds will strike simultaneously against Fushun and Yingkow.

The situation in Mukden is said to be "intolerable" and tense. The Chinese Air Force on February 22 suddenly cancelled all flights to Mukden, because the Reds are believed to be striking at Hunho airfield near Mukden, where the Air Force is based. Rumor has it that the State Department had advised dependents of American consular personnel to leave Mukden immediately.

Rumors were persistent that Government forces are evacuating Lungkow and Chefoo on the Shantung coast. Semi-official circles in Tsingtao admitted that ships had been sent to Chefoo to evacuate Government personnel and refugees, but could not confirm rumors that the evacuation would be the first step in the complete Nationalist withdrawal from Shantung ports.

* * *

Military Aid Sought

THE proposed US$570,000,000 US aid for China was generally hailed by the Chinese Government and press as an important step toward strengthening the position of Nanking. But a campaign is now in full swing to seek military aid from the United States. It is stressed that the situation in China is such that nothing short of large-scale military aid will do the job. An *AP* story dated February 20 from Nanking makes interesting reading:

"Close observers of the China situation expect a strong campaign for substantial military aid to the Chinese Government to blossom in both Nanking and Washington, based on the plea that the Nationalists are too weak to cope with the Reds' growing strength. Informed sources expected Government propagandists to switch from the theme of the Civil War going well to an open admission that the Chinese Government's position has deteriorated gravely. This will be the first step in a move to convince President Truman that China must have military assistance to bolster the proposed economic support."

Republicans described President Truman's China aid program as "inadequate" because it does not contain any provision for military aid. H. H. Kung, wartime premier of China, told the *UP* in New York that while China appreciates the prospect of receiving US$570,000,000 in the aid program now under consideration by Congress, military aid is even more important. He suggested that "China is in the same position as Greece, which is receiving United States military aid. If the United States aids Greece in fighting Communist guerrillas, I wonder whether the United States might not consider providing China with the means of suppressing the Communist rebellion there."

In a gesture apparently designed to appease those who are demanding military aid for China, the State Department in a memorandum addressed to the House Foreign Affairs Committee revealed for the first time the hitherto closely-guarded top secret that several contracts have been approved to sell China surplus US war goods at sharply reduced prices. It was disclosed that 80 planes have been earmarked for the Far East under the surplus property program. Diplomatic sources in Washington said that the Chinese Mission also received assurances that the United States Army will scour the Pacific for additional planes which might be made available to the Nationalists.

* * *

People's Role

SECRETARY of State Marshall seemed to take a pessimistic view of the whole situation in China when he told the House Foreign Affairs Committee that a Kuomintang collapse "would present us with a very grave situation in Japan" and would render the US position in Korea untenable. In his opinion, such a collapse is "possible" if American aid is not forthcoming.

Nor does the Secretary think that the proposed US$570,000,000 will help China much. In his judgment, "the Chinese Government is in dire need of a breathing space in its

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present serious economic difficulties. .... It is desirable that the US Government render assistance to China in her present critical situation in order to help retard the present rapid rate of economic deterioration and thus provide a breathing space in which the Chinese Government could initiate important steps toward more stable economic conditions." In other words, this proposed economic aid can give China only a breathing space.

According to qualified political observers, another significant thing about the proposed American aid for China is that the American Government leaders particularly stressed the role of the Chinese people. In his message to Congress, President Truman stressed that "Americans have developed a deep respect for the Chinese people and sympathy for the many trials and difficulties which they have endured." Secretary Marshall significantly pointed out that "the United States should not by its action be put in the position of being charged with the direct responsibility for the conduct of the Chinese Government and its political, economic and military affairs." He further emphasized that "for the main part, the solution of China's problem is largely one for the Chinese themselves."

Of particular significance was the "unprecedented" action by American Ambassador J. Leighton Stuart in addressing a "Personal Message to the People of China." The Ambassador pointed out above anything else that the main purpose of the proposed US aid is to assist the Chinese people. He said inter alia:

"Our problem has been how to help the common people who have been the chief sufferers from the devastating internal conflict which has continued since VJ Day.... More specifically, the problem is how to benefit the common people and to protect them alike from the extreme reactionary or selfish elements and from the extreme radicals with their brutally destructive revolutionary tactics.... Both place their partisan or their individual interests far above those of the suffering people.. The real task, however, rests with the Chinese people themselves...."

* * *

Peace Rumors

THE past week has witnessed a crop of peace rumors and a series of denials. It was rumored that peace talks between the Government and the Chinese Communists are to be resumed.

As early as February 18, Admiral Cooke told Chinese newspaper reporters at his farewell press conference at Tsingtao that "there is no doubt that in order to get China on the path of prosperity and rehabilitation and democratic government the first thing you must do is to get your civil strife ended." Such a statement from the admiral was peculiar and significant.

Three days later on February 21, US Ambassador Stuart told the *UP* that he believed the best possible solution of the China problem was resumption of negotiations between the Nationalists and Communists. The following day, February 22, the *UP* reported from Nanking that Generalissimo Chiang Kai-shek has given his consent to a high Chinese official to attempt to re-open negotiations with the Communists. It was stressed that the Generalissimo did not initiate the idea but merely gave his consent to a highly placed member of his government who asked for permission to try to negotiate a settlement of the Civil War with the Communists. The said official, it was reported, is in "indirect contact" with the Communists through personal intermediaries and has not yet received any definite expression of opinion from the Communists regarding a possibility of re-opening negotiations.

Then, Soviet Russia was dragged into the picture. The same day, the *UP* reported from Shanghai that Russia—indirectly and through channels which she knew would be certain to reach official Nanking quarters—has offered to mediate in the dispute between the Government and the Chinese Communists.

These "sensational" rumors created considerable specution. Nanking issued instant denials, branding such rumors as absolutely unfounded, apparently designed to disturb the public mind in the midst of the bandit-suppression campaign. Ambassador Stuart also issued a statement to explain his stand. A spokesman for the Soviet Embassy in Nanking dismissed the alleged Soviet offer of mediation in China's Civil War as "without foundation."

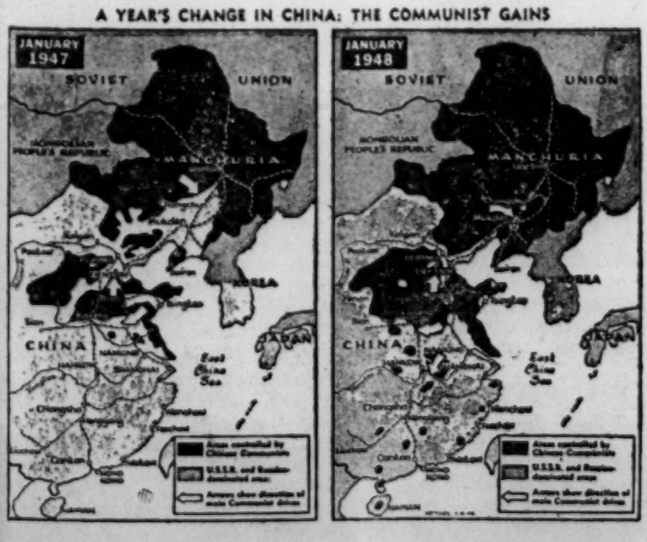
But competent political observers are inclined to think that the circulation of such rumors at the present time, when Washington is talking about breathing space and respite, indicate that there may be something in the wind.

Mr. Shao Li-tze, Secretary-General of the People's Political Council, declared that a negotiated peace in China would be possible only through joint mediation efforts by the United States and the Soviet Union. He felt certain that this move would be acceptable to the Government.

According to well-informed observers in Nanking, there is little chance of success in resuming peace talks between the Government and the Communists under present conditions. To quote an *AP* story dated February 23 from Nanking:

"Generalissimo Chiang's government cannot afford to initiate the reopening of negotiations for peace. Such action would be a virtual admission of the government's military defeat. The Communists have no apparent reason either to extend or welcome feelers for the resumption of conversations—unless such feelers include Government concessions amounting to the abandonment of the control of China."

A YEAR'S CHANGE IN CHINA: THE COMMUNIST GAINS



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US Magazine Roundup

New Republic

IN an article entitled "Japanese Plunderbund," William Costello, the *Columbia Broadcasting System* correspondent in Tokyo reports in the *New Republic*: "The current disclosure of a colossal scandal in Japanese military supplies is undermining the legend that the Allied occupation has been an unadulterated success . . .

"It can be freely acknowledged that unilateral control and MacArthur's lofty idealism have combined to make Japan's occupation far more tranquil than Germany's. Nevertheless, American officials are now aware that MacArthur's whole reform program is in danger of being scuttled by forces whose very existence was not even suspected.

"The whole story is one of consummate duplicity on the part of Japan's old ruling classes. It goes back to August 13, 1945—the day before the surrender—when the Suzuki cabinet issued a secret order for the disposal of all army and navy supplies stored in 24,000 arsenals, warehouses and factories. The goods were to be distributed to all governing bodies and to any private firm or individual able to cart them away.

"It is believed that 500-billion-yen worth of supplies belonging to the government were dissipated in that fashion before the order was revoked on August 28 by the Higashi Kuni cabinet. It is estimated now that half of the loot has since been sold in the black market, while the other half remains in hiding.

"In addition to plundered goods, the occupation forces seized upon their arrival (the Japanese didn't quite have time to complete the looting) property of all kinds with an estimated value of 240 billion yen —four-fifths of which was subsequently returned to the Japanese for public sale and relief distribution . . .

Yen by the trillion. "In analyzing the Japanese 'plunderbund,' it should be recognized that certain public properties, like land and buildings, will ultimately be reclaimed by the government, and certain others, like food and clothing have been used for relief purposes.

"Nevertheless, vast quantities have been sold at black market prices running anywhere from 10 to 100 times official prices; in addition, Japanese Diet members have estimated that the official value of goods still being hoarded is between 50 and 100 billion yen—which means that they may be worth anywhere from half a trillion to a trillion yen at inflated black market prices . . .

"The colossal joker in the whole program, however, is that the Zaibatsu concerns, which are being officially disinherited by well meaning occupation authorities, have been the principal beneficiaries of the postwar plunderbund.

Very Top Secret. "Diet members investigating the scandal say that postwar gangsters obtained perhaps one-fifth of the looted goods; the remaining 80 percent fell into the hands of the Zaibatsu companies. No one will ever know accurately how much the Zaibatsu firms have profited, but Japanese who have been digging into the scandal for many months are convinced that the Zaibatsu have acquired illegal assets which are easily worth 200 or 300 billion yen—10 times as much money as they need to buy back through dummy purchases their old interests . . .

"The Suzuki cabinet's order permitting the dispersal of government property and the illegal enrichment of private individuals and firms was actually the opening shot in a nationwide conspiracy. It was a means of bankrupting Japan's postwar government, producing uncontrollable inflation, disrupting national production, depriving occupation authorities of the means by which prosperity could be easily restored under a democratic system.

"If Japan's postwar government had possessed 700 billion yen in assets, the whole problem of balancing the budget, paying occupation costs and restoring a stable economy would have been vastly simplified . . . Occupation officials however, cannot shift the entire responsibility to the Japanese . . .

"The fundamental error of judgment was committed when MacArthur announced that GHQ would merely issue directives leaving the Japanese government to implement them. The assumption was that the Japanese were not only eager to cooperate, but capable of handling complex administrative problems. . . .

Monkey business. "Superficially, there are new men in power in Japan. Actually, the stage has been set for the resurgence of the old gang as soon as we leave . . . Machinery has now been created for exposing the scandalous diversion of public property into private hands. Japan's chief prosecutor has been given more funds and a Diet investigating committee with unprecedented powers has been created.

"If GHQ throws its weight squarely behind these efforts, it may still not be too late to smash the conspiracy. Seizure and sale of hoarded goods could help revive Japan's tottering economy; exposure and indictment of those who have profited

fabulously from black marketing would draw the fangs of the resurgent Zaibatsu. Tax laws which would strip them of illicit wealth would wipe out Japan's Capones as easily as they did America's.

"Unless stringent measures are taken against Japan's socially impeccable underworld, it won't be long before the warmongers and cartelists will be back doing business at the same old stand. MacArthur's only chance to change the legend of perfect occupation into fact is to crack down ruthlessly on the masters of duplicity who have been secretly bilking him from the beginning."

* * *

United Nations World

IN its section *State Of World* this magazine reports: "Political confusion, and a worsening economic situation were responsible for the recall of T. V. Soong to the public service. He has been made governor of the vitally important but completely disorganized province of Kwangtung, which included commercially strategic Canton. Western-educated Soong, who has innumerable enemies in the Kuomintang and in the entourage of Chiang Kai-shek, was given this post because he is a top notch administrator.

"In the meantime, the very foundations of the Nationalist regime are being constantly weakened by corruption of government officials, by skyrocketing prices . . .

"The Chinese Department of Justice is struggling valiantly but helplessly against the wave of corruption. In the last two years it has brought to trial more than 17,000 civilian government officials—36 percent of whom were found guilty and punished. The army is keeping secret its records on corruption, but it is known that those apprehended are punished very severely. Serious offenders are promptly executed.

"Dissolution of the middle-of-the-road Democratic League has proved a serious mistake. Leaders of the now illegal organization from which Secretary Marshall had expected so much, complain that they are forced to resort to communist underground methods in order to continue their political activities."

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The Review's English Lesson—XX

EXPRESSIONS FROM THE *REVIEW* OF FEBRUARY 14, 1948

THE previous lesson explained idioms found in a recent issue of *The China Weekly Review*, and again we have chosen expressions that may not be well-known to our Chinese readers from the *Review* of February 14, 1948. These terms are mostly from the editorial pages of that issue, and all except No. 15 are accepted in ordinary speaking and writing.

Page 309, left side:

1) 1. 29: **in hot water:** in trouble. Notice that "in" is used here instead of "into". According to the rules of grammar "in" here is not correct, but by the daily wear-and-tear of usage, "in" is coming to be used more and more often for "into", simply because it is shorter to speak and write. This effort to shorten is a common development in all languages.

2) 1. 30: **got way off base:** moved far from the truth. This expression is from the American sport of baseball in which, if a runner moves too far from his base, he can easily be caught by the opposing team. Thus, to be "off base" means to "to be in in a wrong position". When this term is applied to a speaker, it means that he has said something that is not correct or true. "Way" here means "far", and in this sense is familiar in the folk-song: "Way Down Upon the Swanee River".

Page 309, right side:

3) 1. 27: **precious little:** very little. This use of "precious" as an adverb is generally confined to a few common adjectives, such as "small", "good", "kind", "slow", etc. Since it is largely a regional expression in the US, readers of the *Review* should not try to commit it to memory.

Page 310, left side:

4) 1. 8: **other things in mind:** other plans or ideas.

5) 1. 12: **set-up:** arrangement or organization.

6) 1. 19: **pulling the Jap dragon's teeth:** pulling out or removing the elements and materials of military importance in Japan.

7) 1. 27: **backed by:** supported by.

Page 310, right side:

8) 1. 59: **watered down:** thinned out and therefore weakened in force.

Page 311, right side:

9) 1. 6: **an open secret:** not officially stated or admitted but known to everybody.

10) 1. 52: **hue and cry:** alarm.

11) 1. 53: **beat the tom-tom:** raised much noise. A "tom-tom" is generally a drum used by tribesmen to give an alarm, to signify group action, to keep time in ceremonies, and to convey messages over a distance.

Page 312, left side:

12) 1. 34: **the whole show:** the entire program or activity.

13) 1. 36: **by the cracking of the whip:** by the threat or use of force.

Page 312, right side:

14) 1. 40: **far-fetched:** exaggerated on purpose.

15) 1. 42: **do not give a darn:** do not care. (slang).

Page 313, left side:

16) 1. 15: **free-for-alls:** mob fights.

17) 1. 57: **penny - wise - pound - foolish policy:** policy of being wise in small things and foolish in large. In English currency a penny is the smallest single denomination of money, and a pound the largest.

Page 318, first column:

18) 1. 10: **one's fill:** enough food to fill a person.

19) 1. 16: **let up:** stopped.

20) 1. 68: **the Morning After:** the period of painful awakening. This generally occurs on the day following a late party.

Page 318, third column:

21) 1. 10: **a bed-rock faith:** a firm belief.

What US Papers Say

PRESIDENT Truman's announcement of a proposed US$570,000,000 program of aid to China aroused much comment in the US press. Other issues discussed last week included the Dutch-Indonesian agreement, Russia's reported decision to set up a separate people's government in northern Korea, US-Soviet relations and American policy in Japan.

* * *

China Aid Program

THE *Cincinnati (Ohio) Times-Star*, examining the US$570,000,000 China aid program, declared: "On two counts it will fail to satisfy China's friends in Congress. These members, whose insistent demand for aid to China has finally got a response, will object to the gap between the half-billion-dollar request for China and the US$6,800,000,000 request for Western Europe. They will object more strenuously to the fact that not one dollar of the appropriation under State Department plans, will go to help Chiang Kai-shek's armies."

Criticism was also forthcoming in an editorial in the *St. Louis Post-Dispatch*, which stated: "It is distressing to hear the State Department still talking in terms of stopgap aid when we have learned so expensively all over the world that it is futile, that reconstruction is the only effective way."

Referring to the basis of the Marshall Plan as being the revival of a "working economy" in the world, "a cure rather than a mere palliative," the *Post-Dispatch* continued, "It is a completely contrary policy that the Secretary of State now proposes to pursue in China. What is the record of stopgap aid to the Chinese government—how much has been accomplished in the past by such aid as is now proposed? . . . Secretary Marshall could be well advised, in his China policy, by his own words to Congress on the subject of aid to European countries: 'Either undertake to meet the requirements of the problem or don't undertake it at all.'"

The New York Times, commenting on the President's message proposing a US$570,000,000 aid program for China, said: "As is evident from its nature, this is primarily a civilian relief program. The new proposal seems to mark a compromise between the State Department's policy of withholding substantial aid as a means of exerting pressure on Chiang Kai-shek to reform his government, and the thesis advanced by General Wedemeyer, who urged not only economic but also the dispatch of military supplies to help the National Government fight the Communists.

"What remains to be clarified is whether our policy still demands a coalition between the National Government and the Communists, such as Secretary Marshall himself sought vainly to bring about. On that may depend the fate of both the aid program and of China."

Introducing the question of a silver standard for China, as opposed to the announced aid program, the *Washington Post* declared: "In due course—and perhaps a beginning could be made now—there should, of course, be a Marshall Plan for China; that is to say, a plan based on help in return for self-help . . . It should be focused on the resuscitation of China's depreciated currency . . . Introduction of silver coins out of the American hoard of silver might serve to stop the present hyperinflation. This is due not so much to the rapid increase in the note issue for financing the Civil War as it is to the velocity of its circulation.

"An objection has been raised to this course, that the coins would be hoarded. But, far from this being a disadvantage, it is an advantage . . . If the people hoarded coins as soon as they were issued instead of spending them, the result would be anti-inflationary. The silver plan, in short, might prove to be a constructive service to China.

* * *

Korea

COMMENTING on the Korean question now before the UN "Little Assembly," *The Washington Post* said. "Russia's reported decision to set up a 'democratic people's government' in northern Korea is a companion piece to her refusal to admit the UN electoral commission to her zone. There can be no solution to the economic and political strangulation of unhappy Korea unless and until the Soviet Union is ready to negotiate."

Stating that an election in the American zone for a separate South Korean government would be of dubious value, *The Post* concludes: "In the last analysis, the possibility of an agreement with Russia on Korea depends, in this newspaper's opinion, on the successful outcome of the European recovery program. If the Soviet Union is faced with a united Europe, then she may be willing to negotiate a general settlement."

The Pittsburgh Post-Gazette, stated that the United States has two alternatives in Korea; that of pulling out and leaving the country to the probable control of the Communists, and that of remaining in occupation of South Korea until a definite policy has been shaped for Asia as a whole, favoring the latter course over the former as a "moral obligation" of the United States "in saving a small nation from aggression."

* * *

Indonesia

COINCIDING with an announcement from Washington that American business firms are showing a growing interest in the future economic development of the United States of Indonesia, *The Christian Science Monitor*, in praise of UN accomplishments in Indonesia, said: "The American representative on the UN 'good offices' committee, which recently negotiated a notable Dutch-Indonesian agreement, speaks of this whole experience as 'one of the great democratic adventures of our time.' It is refreshing to hear of a cease-fire order actually obeyed, of 15,000 Indonesian Republican troops willingly evacuated from behind Dutch lines, which were extended sweepingly last summer by a bitterly resented Dutch 'police action.'

"The Indonesians, in fact, have made the great concessions. They have traded temporary positions for political promises for which the UN stands virtual guarantor. More 'mature' nations, please note! Here is a people which has been willing to stake its advantage on the good faith and competence of the UN. This bears out the claim that there is a good deal of idealism among the undisciplined nationalists of Indonesia. It puts a sharp necessity on more politically sophisticated nations to support with equal sincerity UN commitments to which they are a party."

* * *

Japan

THE *New York Herald Tribune*, commenting on Chinese press criticisms of American policy in Japan, declared: "Bitter attacks upon American policy in Japan appear almost daily in the press of China. Even the most respected newspapers, such as the *Ta Kung Pao*, have joined in firing these broadsides. In a recent editorial the *Ta Kung Pao* asserted that the American program for Japanese economic recovery was equivalent to sponsorship by the United States of a new 'Greater East Asia Co-prosperity Sphere' of the type the Japanese tried to create during the Pacific war. The American program, said the *Ta Kung Pao*, would make all other Asiatic countries mere suppliers of raw materials for Japanese factories.

"While it is easy to understand Chinese dread of economic domination by the Japanese, the present newspaper campaign has gone beyond the bounds of reason. Caution must be used in reviving Japan . . . but it is out of the question to maintain Japan as an Asiatic poorhouse . . . There is no hope of building a democracy in Japan unless the people of the country have work, food and clothing in sufficient amounts to make life satisfactory.

"Economic stability in Japan is essential to the welfare of both China and the United States. The Chinese have good reason to seek assurance that Japanese aggression in Asia will not be renewed, but their present criticism of the United States goes much too far. If it continues, it is likely to have reactions that will be harmful to China."

What Chinese Papers Say

THE Chinese press last week hailed President Truman's message to Congress on the China Aid Bill but stressed that more American assistance is needed to enable China to solve her problems. US policy of building up Japan at the expense of China drew considerable bitter comment.

* * *

US Aid for China

"IN view of the existing situation in China," the *Sin Wan Pao* wrote, "we feel that any foreign aid which is not sufficient to effect a currency reform will not be able to offer any fundamental solution of the problems in China."

"The proposed China aid program does not include any military aid, nor any fund for stabilizing the Chinese currency. In the opinion of observers in Washington, it is simply President Truman's method of meeting the wishes of the Republicans in a half-hearted manner.

"Besides dwelling at length on the traditional friendship between China and the United States, the President still mentioned the conditions which he and General Marshall had advanced for any substantial American aid to China and expressed regret that such conditions have not yet been brought about. We do not know what these conditions are. If he means Kuomintang-Communist cooperation, which is a mere illusion, it indicates that the United States Government authorities do not yet have a correct understanding of the situation in China.

"Mr. Taft, the Republican Presidential candidate, made a speech the other day, criticizing President Truman's policy toward China as having encouraged the Communist rebellion from the very beginning. This statement was so frank that it created a big sensation. Such exciting views have had a far-reaching effect on public opinion in the United States, but they have not yet succeeded in making the US Government reconsider its policy. This indicates that political prejudices sometimes can not be gauged by normal reasoning."

The *Shun Pao* described President Truman's message as an "historic document" but expressed doubt as to whether the proposed aid will be able to achieve the desired results.

"This is because President Truman proposes that US$570,000,000 be given to China with a view to enabling the Chinese Government to bring about more stable economic conditions. But if we make a study of the contents and procedure of the program and take a look at the actual situation in China, we can not believe that the money will accomplish much, although we are not defeatists. We must tell the American Government and people that China's present problem is not purely an economic one and that the military and political factors are affecting the economic problems and vice versa. If US aid is limited to this and if no other steps are taken, then President Truman is sure to be disappointed. The reason why Republican congressmen called Truman's program "inadequate" is because it does not contain any military aid. We hope US congressmen will realize the seriousness of the situation in China and urge their Government to give greater aid to China."

The *Shang Pao* also stressed the necessity for military aid to China. "While we cannot criticize proposed use of the aid from the viewpoint of national reconstruction, it seems to us that this is a case of putting the cart before the horse. While material supplies will be able to meet our urgent needs temporarily, aid in the form of industrial equipment will be very helpful to our national reconstruction.

"It is possible that this program is only the first step and that when an opportunity presents itself, the United States may go a step further and give China military aid as well. We sincerely admire Mr. Bridges, chairman of the Senate Appropriations Committee, for his criticism of the Truman plan."

The *Yi Shih Pao* was hopeful that more US aid will be forthcoming.

"The aid proposed is still principally in the form of materials and not cash. It is purely economic in character without any military significance. Nevertheless, it is still of tremendous importance for China. President Truman did not overestimate the purpose of this aid. His intention is to extend the present aid to China to enable this country to achieve economic stability and recovery through self-help. However, the aid can hardly attain this desired goal.

"As a matter of fact, the present aid is a prelude to currency reform. As for military aid, although in present-day China it is just as necessary as economic aid, the United States has some apprehensions. But if the economic aid can really stabilize prices in China, then it will have much favorable effect on the military situation."

* * *

US Policy in Japan

THE *Ta Kung Pao* carried a long editorial, refuting American Consul-General Cabot's statement that the United States has not been building up Japan as a military bulwark.

"Mr. Cabot's words have already aroused considerable reaction. If US Far Eastern policy and General MacArthur's way of controlling China were in harmony with Mr. Cabot's words, then we would be willing to admit that our past conceptions have been wrong and we should be grateful to Mr. Cabot for his frankness and his kindness in pointing out our error. However, this is a question of facts, for no matter how sweet the words are, they are useless in the face of hard facts. We know it was not Mr. Cabot's intention to make any explanation or propaganda contrary to the facts. It may be that what he said was only his personal views on the subject. The keynote of his views is that the Japanese should be permitted to live. In other words, what the United States has done and will do in Japan is to enable the Japanese to live.

"Such an argument does not appear novel to us. Mr. Cabot should point out some new facts instead of offering his subjective explanations. If the facts are that General MacArthur has announced that he will turn over to the Japanese Government the surplus war vessels, and that American shipbuilding experts, American textile industry leaders and bankers have gone to Japan one after another to help plan Japan's economic recovery, in spite of opposition on the part of other countries, then Mr. Cabot's words are at variance with the facts . . .

"American Government leaders have on several occasions openly declared that "Japan is an anti-Communist bastion in the Far East," and that "the Japanese will wear American military uniforms and fight shoulder to shoulder with American servicemen." There have been too many such statements for us to enumerate here. Therefore what Mr. Cabot has said is different from what General MacArthur and other American Government leaders have said. It seems to us that the published words of General MacArthur and other American leaders are bolder and more frank."

Supporting the argument of the *Ta Kung Pao*, the *Cheng Yien Pao* said: "US policy toward China has been drifting farther and farther away from the aims which the Allied Powers announced during the war. High-ranking American military and Government officials and American capitalists have more than once advocated that the United States help Japan effect a post-war economic recovery under the pretext of maintaining the livelihood of the Japanese. But what they have been saying and doing lately is far beyond what is required for maintenance of the livelihood of the Japanese . . .

"Politically, the US has been helping the reactionary forces in Japan to revive. Militarily, the US is nurturing Japan's war potential. Economically, the United States is seeking to expand her Far Eastern market by use of Japanese labor so that the capitalists on Wall Street may make extra profits."

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[1]Spies, Hightower and Hubbard in J.A.M.A.—115-292 (1940)
[2]Jolliffe, Bowman, Rosenblum & Fein—J.A.M.A.—114-307 (1940)

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